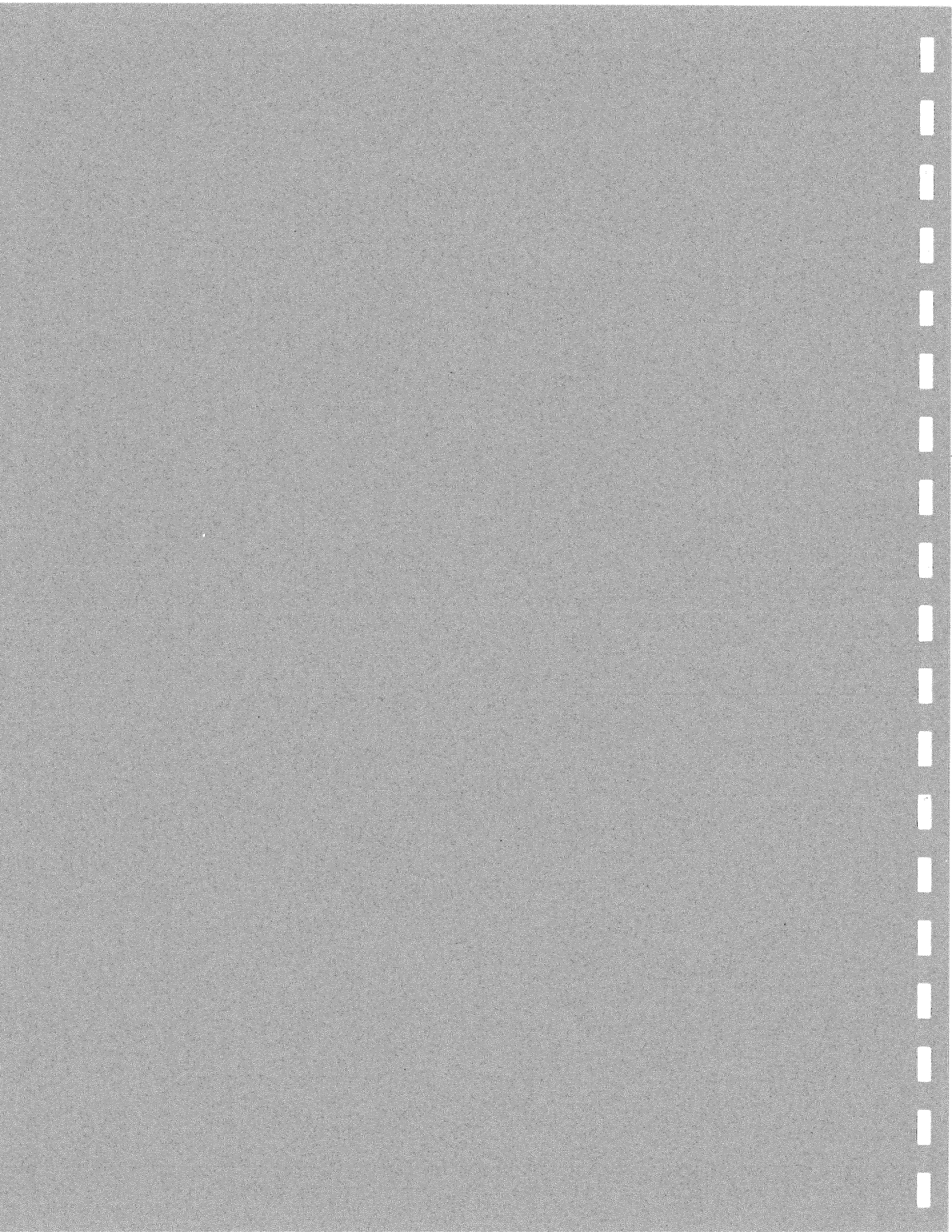


CARTERET COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1999



CARTERET COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1999

Prepared By Finance Department
Dee Harris, Finance Director

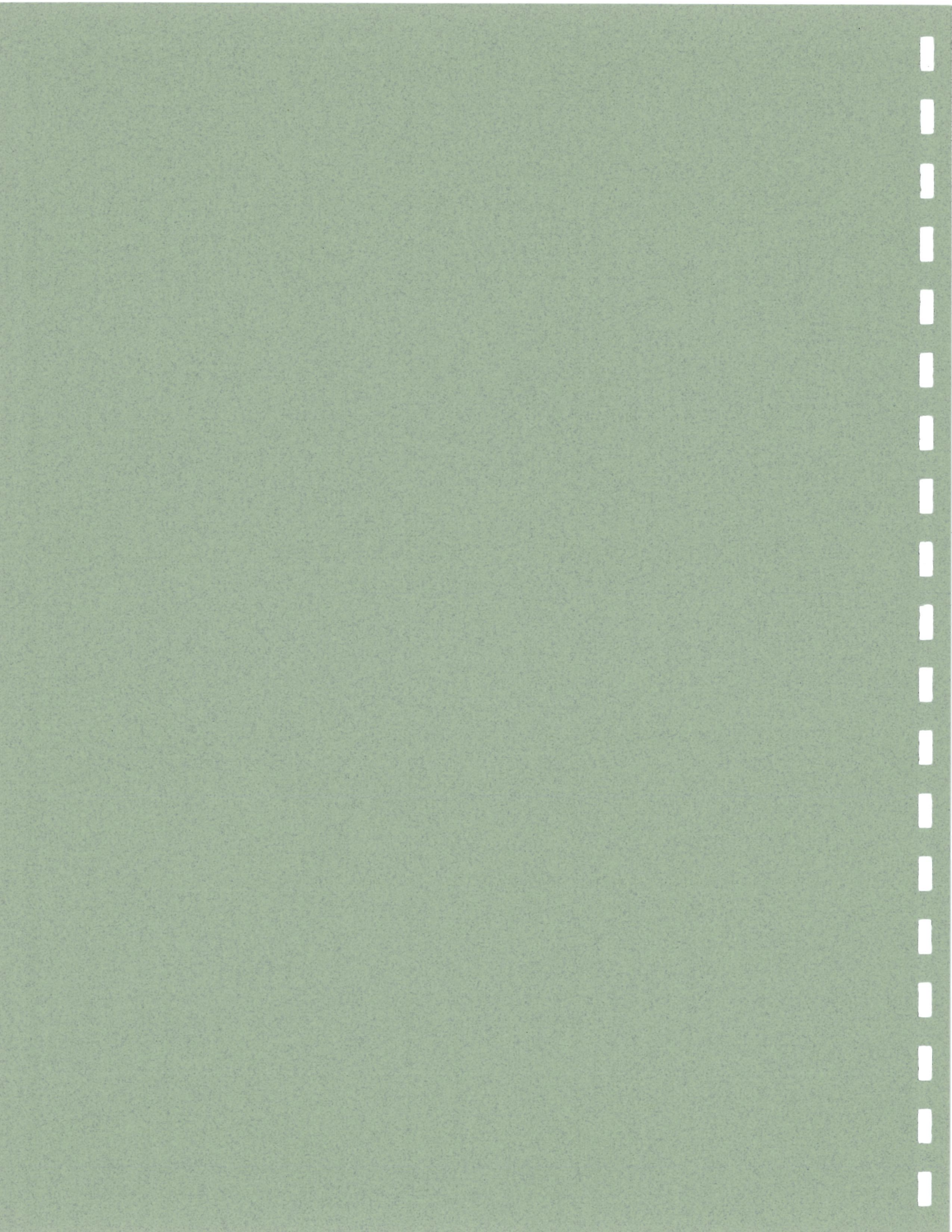


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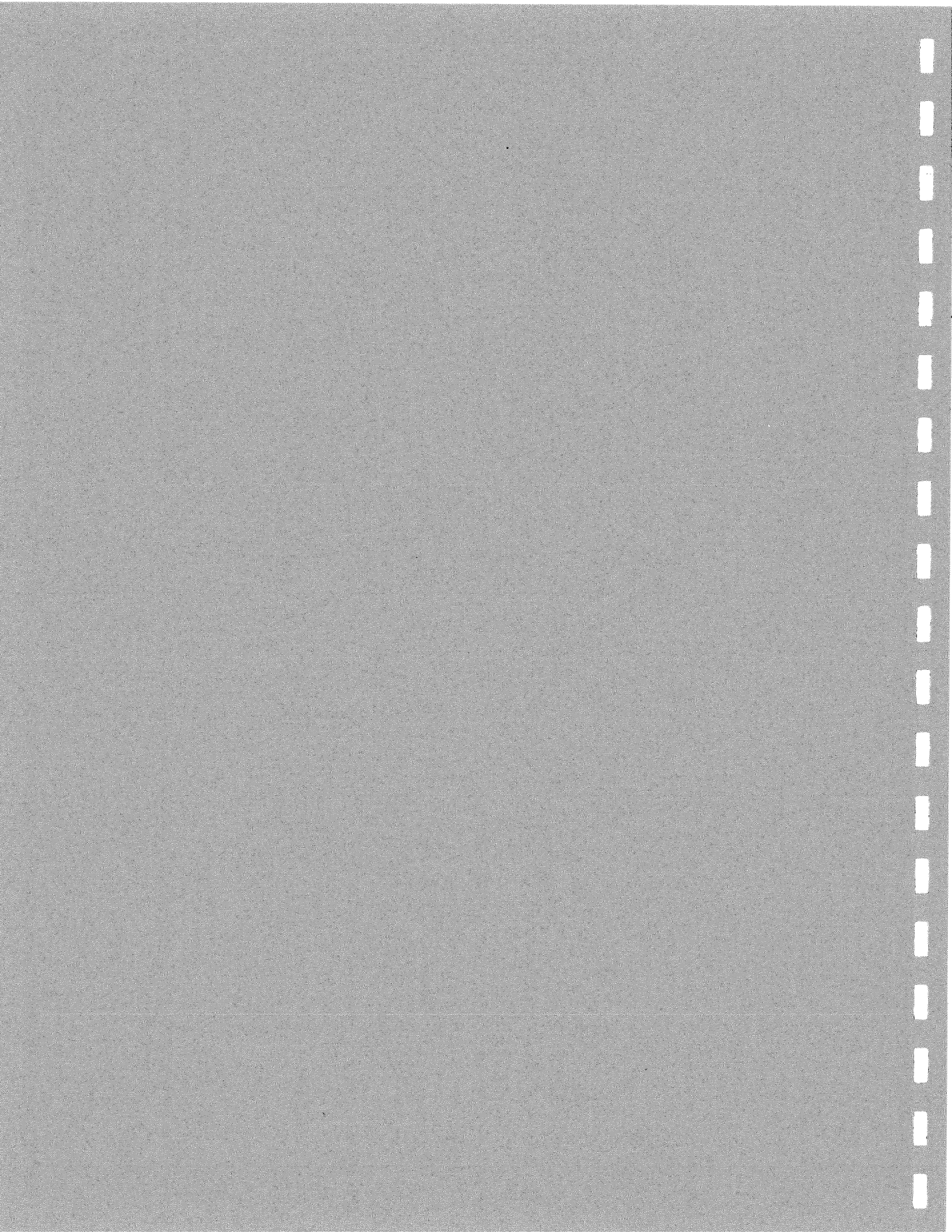
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INTRODUCTION

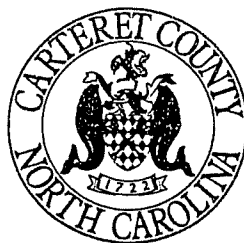
The Introduction includes a summary of the major highlights of the report.



Carteret County Government

Board of Commissioners

Sam Stell, Chairman
Doug Brady, Vice-Chairman
Bettie Bell
Pat Joyce
Jimmy LaShan
Jonathan Robinson
Mac Wells



County Manager

Robert M. Murphy
Tel: (252) 728-8450
Fax: (252) 728-2092

October 1, 1999

To the Citizens of Carteret County:

We are pleased to submit the Carteret County Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The independent, certified public accounting firm of McGladrey & Pullen, LLP has audited the general purpose financial statements contained herein. Their unqualified opinion on the general-purpose financial statements and their reporting on supplementary information is included in the financial section. However, the responsibility for both the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the following data is accurate in all material aspects. Information is reported in a manner designed to present fairly the financial position and results of operation of the County as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes this transmittal letter, list of principal officials, the County's organizational chart, and map of Carteret County. The Financial section includes statements and schedules for all funds and account groups, notes to the combined financial statements and the auditor's report for these statements, schedules, and notes. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments of 1996 and US Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Information related to this report on compliance with requirements applicable to major programs and internal controls over compliance, is included in the Compliance section in this report.

The financial reporting entity includes all the funds and account groups of the primary government (Carteret County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations, and cash flows from those of the primary government. Carteret General Hospital, Carteret County ABC Board, Morehead-Beaufort Airport Authority, and the Carteret County Tourism Development Bureau are reported as discretely component units.

Description of the County

Carteret County is a growing county located on the central coastline of North Carolina with approximately 60,719 residents living in or around municipalities and rural "Down East" maritime communities. Carteret County contains 526 square miles of land area and a coastline nearly 80 miles long. The county is bordered on the north by the Pamlico Sound and on the east and south by the Atlantic Ocean. Ten municipalities are located within the county, with Morehead City being the largest. Beaufort, the third oldest town in North Carolina, serves as the county seat. Carteret County has established itself as a premiere vacation spot, with attractions such as Fort Macon State Park,

North Carolina Aquarium, North Carolina Maritime Museum, and Cape Lookout National Seashore. The County has a commissioner/ manager form of government. Districts elect the seven members of the Board and serve staggered terms.

The County provides a full range of services including public safety, social services and health services, cultural and recreational activities, general administration, and other. The Board of County Commissioners also extends financial support to certain Board, Agencies, and Commissions to assist their efforts in serving citizens. Among these are the Carteret County Board of Education, the Craven-Pamlico-Carteret Regional Library, Carteret Community College, the Economic Development Council, and Neuse Center.

Economic Conditions and Outlook

The Carteret County economy continues its successful transition from a seasonal economy dependent on tourism to a diversified, year-round economy. Annual unemployment averages were 4.5% and 4.4% in 1998 and 1997, respectively, and rates for the first seven months of 1999 are at historical lows, reaching 2.3% in July 1999. For the first seven months of 1999, the average unemployment rate was 4.22%.

Although the tourism industry continues to perform well, with an average annual economic impact of \$208 million, much of the improvement in the economy is attributable to the diversification of the economy into manufacturing, distribution, research, and the construction trades. The completion of Carteret county's two new industrial parks, the Crystal Coast Business Park and the Jarrett Bay Marine Industrial Park, together with job growth at other county industries, has fueled resurgence in the county's manufacturing sector.

Three lots have been sold in the Crystal Coast Business Park, located in Morehead City, and two more have been approved for sale to third party manufacturers. The largest lot in the park has been sold to Bally Refrigerated Boxes, an existing Carteret County manufacturer, with plans to begin construction on a major expansion in 2000. The Jarrett Bay Marine Industrial Park has enjoyed unprecedented success, with 15 of the 21 lots presold. This marine-oriented industrial park is anchored by Jarrett Bay Boatworks, a custom sport fishing boat manufacturer, whose employment has grown from 65 to 130 in the last twelve months.

In addition to Jarrett Bay, Carteret County is seeing significant employment growth in other boat building industries. Parker Marine Enterprises has recently begun construction on a 50,000 square foot expansion, and Jones Brothers plans to construct a new manufacturing plant later this year or in early 2000. Several other new boat builders have opened facilities in Carteret County, and more are considering locating in one of the county's new industrial parks.

Major expansions at Carteret County's marine research laboratories have solidified Carteret County's position as one of the world's leading marine sciences centers. The new Center for Marine Sciences and Technology, NC State University's first dedicated marine sciences laboratory will be completed in Morehead City in summer 2000. The UNC-Chapel Hill Institute of Marine Sciences recently completed the first of three major expansions, a 30,000 square foot laboratory wing. Duke University will soon commence construction on its new Ocean Science Teaching Center at its Beaufort campus, and significant new staff have been added to the federal Southeast Fisheries center laboratory on Pivers Island.

Carteret County is part of a 14 county effort that, in collaboration with Carolina Power & Light Company, is planning for the extension of natural gas into the unserved counties of eastern North Carolina. The extension of gas into Carteret County, which is expected in 2001-2002, will enhance the county's industrial recruitment efforts. Major regional road improvements are scheduled during the next several years, including a US 70 Havelock bypass, improvements to US 17 from Virginia to South Carolina, and the completion of NC 24 widening from Onslow County to Morehead City. These improvements will facilitate additional tourism access and the movement of goods to and from Carteret County manufacturers/distributors and the Port of Morehead City.

Although Carteret County no longer boasts the lowest property tax rate in North Carolina, the county's tax rate is still among the state's lowest. The county's rapidly growing residential, commercial and industrial tax base, together with an efficient county government, should reduce the need for additional tax increases, even with a growing student population in the schools. Even though the county has suffered several storm events in recent years, the diversified economy has minimized any long-term economic dislocations.

Major Initiatives

In November 1994, voters approved \$29,000,000 General Obligation bonds for Schools. An elementary and high school were constructed, and many existing schools received renovations and technology. The construction of the two new schools were completed and opened for the 1998-99 school year. In addition, the County plans to build a middle school in the Newport area. The land has been purchased, construction bids are anticipated early in 2000, and the County anticipates issuing a certificate of participation early 2000.

The County was awarded three Community Development Block Grants and one from the Economic Development Administration. The County completed a \$1 million Community Development Block Grant. The grant was for revitalization of houses in the Mansfield area and water lines in Newport. The second Community Development Block Grant granted by the State was \$750,000 to revitalize houses in the North River community. This grant is scheduled to be completed in November 1999. The third Community Development Block Grant awarded by the State is a joint effort between private industry and the County to build a marine industrial park in the eastern part of Carteret County. This CDBG falls under the economic development category and requires a local match of \$295,250. This match is being paid by Jarrett Bay Boatworks. This project is also scheduled for completion this fall. The fourth grant was awarded by EDA and was for construction at the County's industrial park. Funds for the project are from EDA, the Town of Morehead City, and Carteret County. This project was completed in August 1999.

Late in fiscal year 1999, the County purchased an information management system. This system will include both software and hardware for the tax and finance departments. Conversion has begun, and all the County's year 2000 applications are scheduled to be on line by the end of November 1999.

Departmental Focus

Each year in the transmittal letter, the accomplishments of a single county department for that year are highlighted. This year the Parks and Recreation Department has been given this opportunity.

The Carteret County Parks and Recreation Department exist to work with and serve the people of Carteret County, in order to provide parks and facilities with leisure opportunities that will enrich the lives of all citizens and visitors. The Department also provides organized sports, leisure and educational programs, outdoor and indoor recreational opportunities in a safe and healthy environment. In addition, the Department maintains and operates the County's parks. Outlined below are the accomplishments of the department for the fiscal year.

The Parks and Recreation Department place emphasis this year in three areas; offering new programs, improving parks, and developing a county parks and recreation master plan. The Department offered new programs to citizens such as Mothers Morning Out and exercise classes in the eastern part of the County. The department also sponsored a multi generational arts festival for all levels of ability at the Leon Mann, Jr. Enrichment Center. Also, the Department had great success with the Very Special Arts program. Funded through a grant program, this program offers a variety of art related classes and opportunities for mentally and physically challenged individuals.

The Department completed the County Parks and Recreation/ Shoreline Access Master Plan. Many of the recommendations of the master plan are included in the County's capital improvement plan. In September 1999,

the Parks and Recreation Department was awarded a \$250,000 PARTF Grant from the State for expanding and completing the Western Park. The required County match is \$250,000. The Western Park completion is a part of the master plan.

County parks improvements was a major emphasis this year also. The County Park improvements were made at Harkers Island Beach, South River Park, Newport Elementary School, Salter Path, Eastern, Swinson and Freedom Parks. Examples of improvements are constructing basketball courts, repairing dugouts, and adding grills and park benches.

Financial Information

Accounting System and Budgetary Control

The budget is an integral part of a governmental unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. Each year, in accordance with North Carolina state statutes, an annual balanced budget is legally adopted by the Board of Commissioners for the following funds: General, Revaluation, School Special Projects, County Capital Reserve, County Capital Improvements, Rescue Squad, Fire District, Emergency 911, Occupancy Tax, and School Project Reserve. Multiyear project budgets are adopted for the Mansfield/ North River area Revitalization, North River Area Revitalization Phase II, Jarrett Bay CDBG, Industrial Park EDA, Morehead City Elementary School Project, School Projects, and FEMA Hazardous Mitigation Funds. Budgetary controls are established to ensure compliance of all legal provisions included in the budget ordinance. For county general and special revenue funds, budgetary control is established at the departmental level. However, for internal control purposes, the budget is maintained at the line item level. In accordance with state statute, the County uses encumbrance accounting in all governmental funds. Encumbrances outstanding at the end of the fiscal year are reported as reservations of fund balances. Purchase orders, which would create an over encumbrance, are not approved until an additional appropriation is made through a budget amendment. The County Manager is authorized to approve line item transfers within a department, and may approve transfers between departments of the same fund in an amount not to exceed \$5,000.

In accordance with state statutes, the County's budget is prepared on the modified accrual basis, and its accounting records are maintained on that basis. Under modified accrual accounting, revenue is recognized when it becomes both measurable and available. Expenditures are recorded when a liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The responsibility for establishing and maintaining a strong internal control structure rests with the management of Carteret County. This internal control structure is designed to provide reasonable, but not absolute assurance regarding (1) that the assets of the County are protected from loss, theft, or misuse; (2) that reliable financial records are available to prepare financial statements in accordance with generally accepted accounting principles; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance provides that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

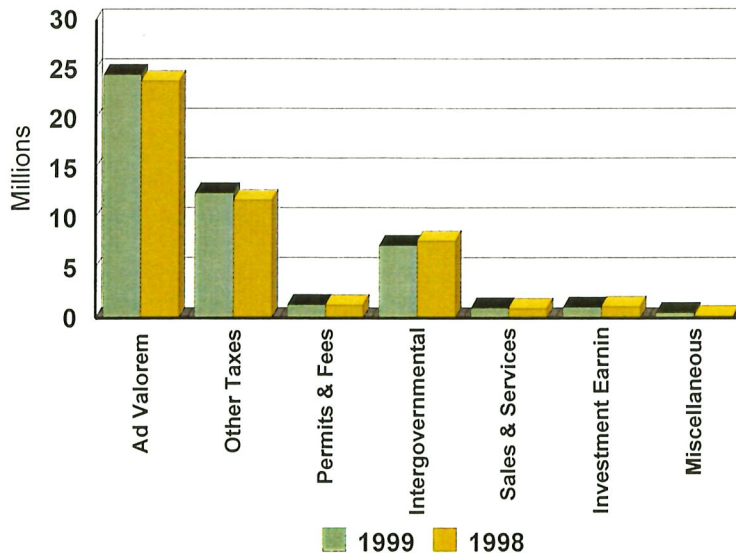
All internal control evaluations occur within the above framework. We believe that the county's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As a part of the county's single audit, the independent auditor performed a review of the county's internal control structure. This review was not an audit and no opinion was issued on the county's internal control structure; however, the procedures performed by the independent auditor did not indicate any material internal control weaknesses.

General Government Functions

General government revenues totaled \$48,267,581, an increase of 2.79 percent over the previous fiscal year. Revenues by source for the Governmental Funds were as follows:

<i>Revenues</i>	<i>Percent to Total</i>	<i>Fiscal Year Ended June 30, 1999</i>	<i>Fiscal Year Ended June 30, 1998</i>	<i>Increase (Decrease)</i>	<i>Percent Increase (Decrease)</i>
Ad Valorem Taxes	50.71%	24,481,785	23,830,199	651,586	2.74 %
Other Taxes and Licenses	25.98%	12,539,196	11,866,765	672,431	5.67 %
Intergovernmental	15.09%	7,280,730	7,676,826	(396,096)	(5.16) %
Permits & Fees	2.76%	1,331,064	1,291,897	39,167	3.04 %
Sales & Services	2.08%	1,006,710	943,704	63,006	6.68 %
Investment Earnings	2.28%	1,096,689	1,147,860	(51,171)	(4.46) %
Miscellaneous	1.10%	531,407	200,659	330,748	164.83 %
Total	100.00%	48,267,581	46,957,910	1,309,671	2.79 %

*Includes Annually budgeted funds: General, E-911, Revaluation, School Reserve, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.

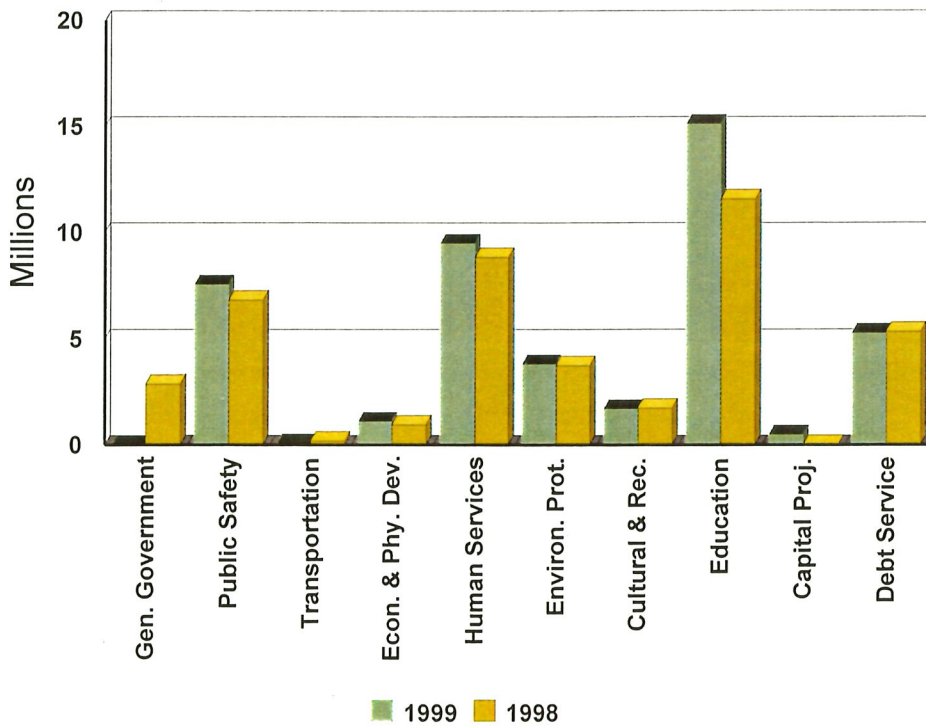


Property taxes provide the county's primary source of revenue. There was no tax increase for the 1999 fiscal year, and the small increase in revenue from the prior year was due to growth in the tax base. Tax collections were 96.48% of the current year's levy. The increase in other taxes and licenses is primarily from sales tax revenue. The large increase in miscellaneous revenue was due to the sale of land in one of the County's industrial parks for \$297,000. The decrease in intergovernmental revenue is due to the County not drawing down state public school building funds.

General Government expenditures totaled \$47,512,606, an increase of 12.98 percent over the prior fiscal year. Changes in levels of expenditures for major functions of the County from the prior year are shown below:

<u>Expenditures</u>	<u>Percent of Total</u>	<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>	<u>Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
General Government	6.30%	2,993,951	2,885,480	108,471	3.67%
Public Safety	15.88%	7,543,507	6,840,765	702,742	10.28%
Transportation	0.13%	66,115	186,103	(119,988)	(64.48)%
Economic & Physical Development	2.32%	1,102,181	940,857	161,324	17.15%
Human Services	19.93%	9,469,558	8,835,890	633,668	7.18%
Environmental Protection	8.02%	3,808,134	3,732,955	75,179	2.02%
Cultural & Recreation	3.57%	1,695,707	1,733,648	(37,941)	(2.19)%
Education	31.78%	15,099,455	11,564,543	3,534,912	30.57%
Capital Projects	1.00%	473,995	794	473,201	59597.11%
Debt Service	<u>11.07%</u>	<u>5,260,003</u>	<u>5,333,642</u>	<u>(73,639)</u>	<u>(1.38)%</u>
Total	<u>100.00%</u>	<u>47,512,606</u>	<u>42,054,677</u>	<u>5,457,929</u>	<u>12.98%</u>

*Includes Annually budgeted funds: General, E-911, Revaluation, School Reserve, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.



An Information Systems Department was created in fiscal year 1999 and accounts for most of the increase in general government. The increase in public safety is a combination of additional grant programs from the State such as Rape Crisis and Teen Court. Education was one of the largest increases with a 30.57% increase. In August 1999, the new high school and elementary school opened, and thus accounts for much of the increase. In addition, the County increased its local funding for existing schools. Many capital projects were performed this year, such as, purchasing land for the Marshallberg Boat Ramp and the Glovers Creek and Atlantic Harbor projects were completed. These projects account for the large increase in capital projects. Transportation decreased due to expenditures being moved to human services rather than being accounted for in the transportation category.

Fund Balance in the General Fund

The General Fund ended the fiscal year with a total fund balance of \$13,388,141 in comparison to the June 30, 1998 balance of \$12,906,029. This represents a 3.74 percent increase. The unreserved, undesignated fund balance as June 30, 1999 ended is \$5,722,097. The County's unreserved, undesignated fund balance percentage to general fund expenditures is 13.20 percent. This percentage for unreserved, undesignated fund balance to general fund expenditures is in line with the guidelines set by the Department of State Treasurer for similar-sized counties. Management tries to maintain two months of expenditures in unreserved, undesignated fund balance.

Debt Administration

At the close of the fiscal year, Carteret County had a number of debt issues outstanding. The bond rating of the county at June 30, 1999 was an "A1" from Moody's. Under current state statutes, the county's general obligation bonded debt issuances are subject to a legal limitation of an amount equal to 8 percent of total assessed value of real and personal property less current or amortized debt. As of June 30, 1999, the county's net general obligation bonded debt of \$37,740,000 is well below the legal limit of \$392,162,267. Per capita debt for the county as of June 30, 1999 was \$621.55. A schedule of the total outstanding general obligation bonds, certificates of participation, capital leases, installment notes, and accrued vacation pay is presented below:

		<i><u>Debt Outstanding as of June 30, 1999</u></i>
<i>General Obligation Bonds:</i>		
1978 School Bonds	275,000	
1979 School Bonds	525,000	
1995 Public Improvement Bonds	8,800,000	
1996 School Buildings	<u>19,850,000</u>	29,450,000
<i>Certificates of Participation:</i>		
1991 COP - Jail/Dept of Social Services	1,870,000	
1992 COP - Morehead Primary School	<u>5,715,000</u>	7,585,000
<i>Installment Purchases:</i>		
Tax and Finance System		705,000
<i>Accrued Vacation & Compensatory Time:</i>		
Vacation Pay	466,628	
Compensatory Time	<u>42,130</u>	<u>508,758</u>
<i>Total Debt Outstanding</i>		<u><u>38,248,758</u></u>

Cash Management

Effective financial planning and cash management practices have aided in the efficient use of available resources. The County continues to have a cash management program designed to assure safety of principal, sufficient liquidity for current operations, and the attainment of market-average rate of return. The demand deposit checking accounts are interest earning. Idle cash is invested using competitive bidding among all banks with investments awarded based on the highest yield. Total investment earnings for the governmental fund types for the year were \$1,075,483.

Risk Management

Carteret County provides protection from liability and casualty risks through commercial coverage. Property and casualty and workers' compensation coverage is carried through a commercial insurance carrier. General and Auto liability (\$1,000,000), Public Officials Liability (\$1,000,000), Law Enforcement liability (\$1,000,000), property damage (replacement cost coverage on all real property improvements and contents, and actual cash value coverage on vehicles and mobile equipment). Also, the County's health insurance is provided through a commercial carrier.

Other Information

Independent Audit

North Carolina General statutes require the County to provide for an annual independent audit of the accounts and financial transactions of the Count by a firm of independent certified public accountants. The Board of Commissioners designated McGladrey and Pullen, LLP to meet these requirements, and their report follows as an integral part of this report. McGladrey and Pullen was also designated by the Board of Commissioners to express an opinion on the County's compliance with the requirements of the federal Single Audit Amendment of 1996 and related OMB Circular A-133. The auditor's report on the general purpose financial statements, combining and individual fund statements, and schedules are included in the financial Section of this report. The auditor's reports, relating specifically to the requirements of the single audit, are included in the Compliance Section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Carteret County for its comprehensive annual financial report for the year ended June 30, 1998. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standard. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

In summary, this comprehensive annual financial report provides a source of information to citizens, the Board of Commissioners, other governmental agencies, and investors and creditors, all of whom rely upon it for decision making and the opportunity to learn more about Carteret County's financial condition.

Much appreciation is expressed to the Finance Department's staff and McGladrey and Pullen, without whose dedicated assistance this report could not have been produced. Gratitude goes to the Board of Commissioners for their continued support throughout the past year.

Sincerely,

Robert M. Murphy
County Manager

Denise K. Harris
Finance Director

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CARTERET COUNTY, NORTH CAROLINA

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 1999**

**BOARD OF
COMMISSIONERS**

SAM STELL
Chair
Emerald Isle, North Carolina

BETTIE BELL
Newport, North Carolina

DOUG BRADY
Vice Chair
Morehead City, North Carolina

JONATHAN ROBINSON
Atlantic, North Carolina

PAT JOYCE
Beaufort, North Carolina

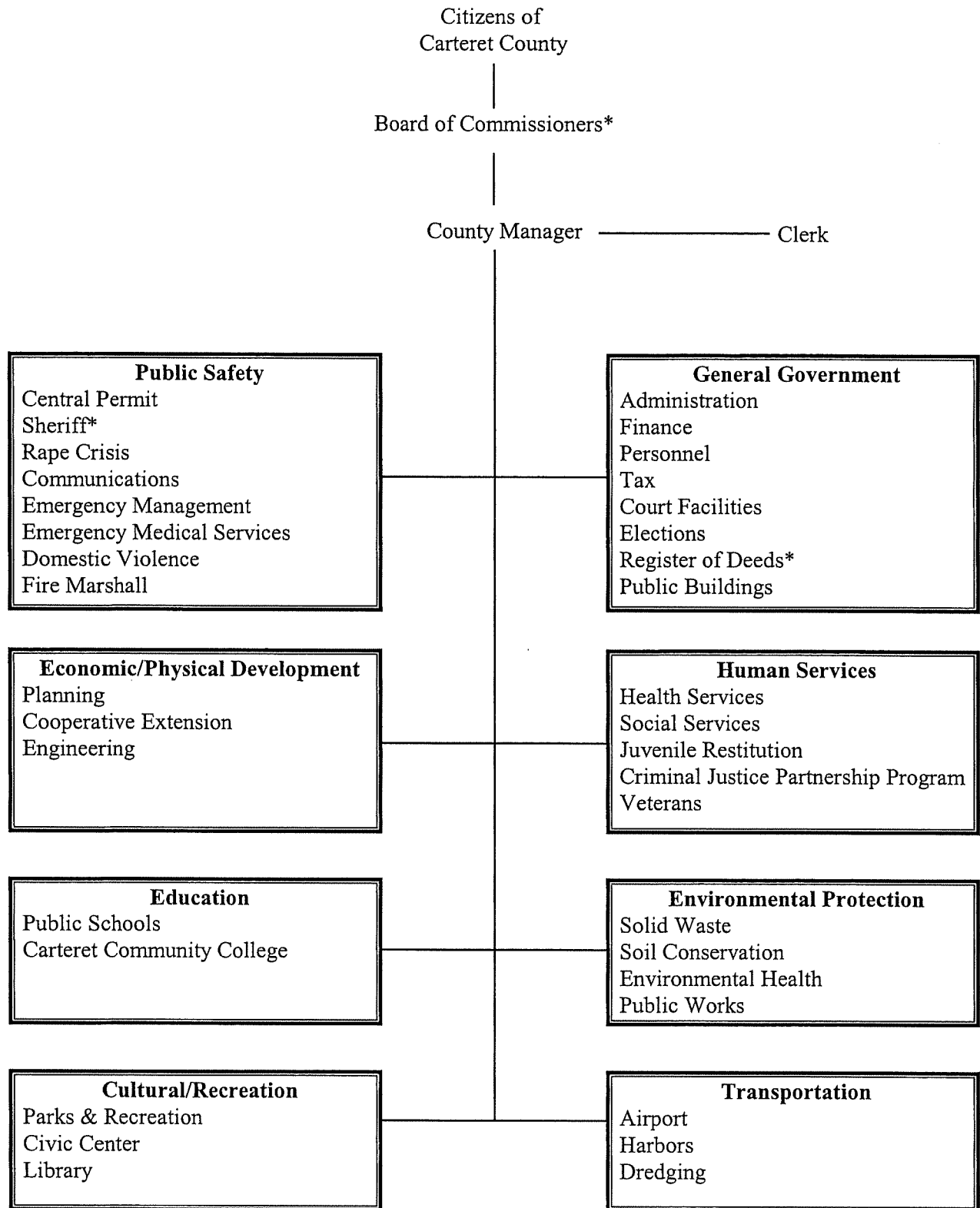
JIMMY LASHAN
Newport, North Carolina

MAC WELLS
Morehead City, North Carolina

COUNTY OFFICIALS

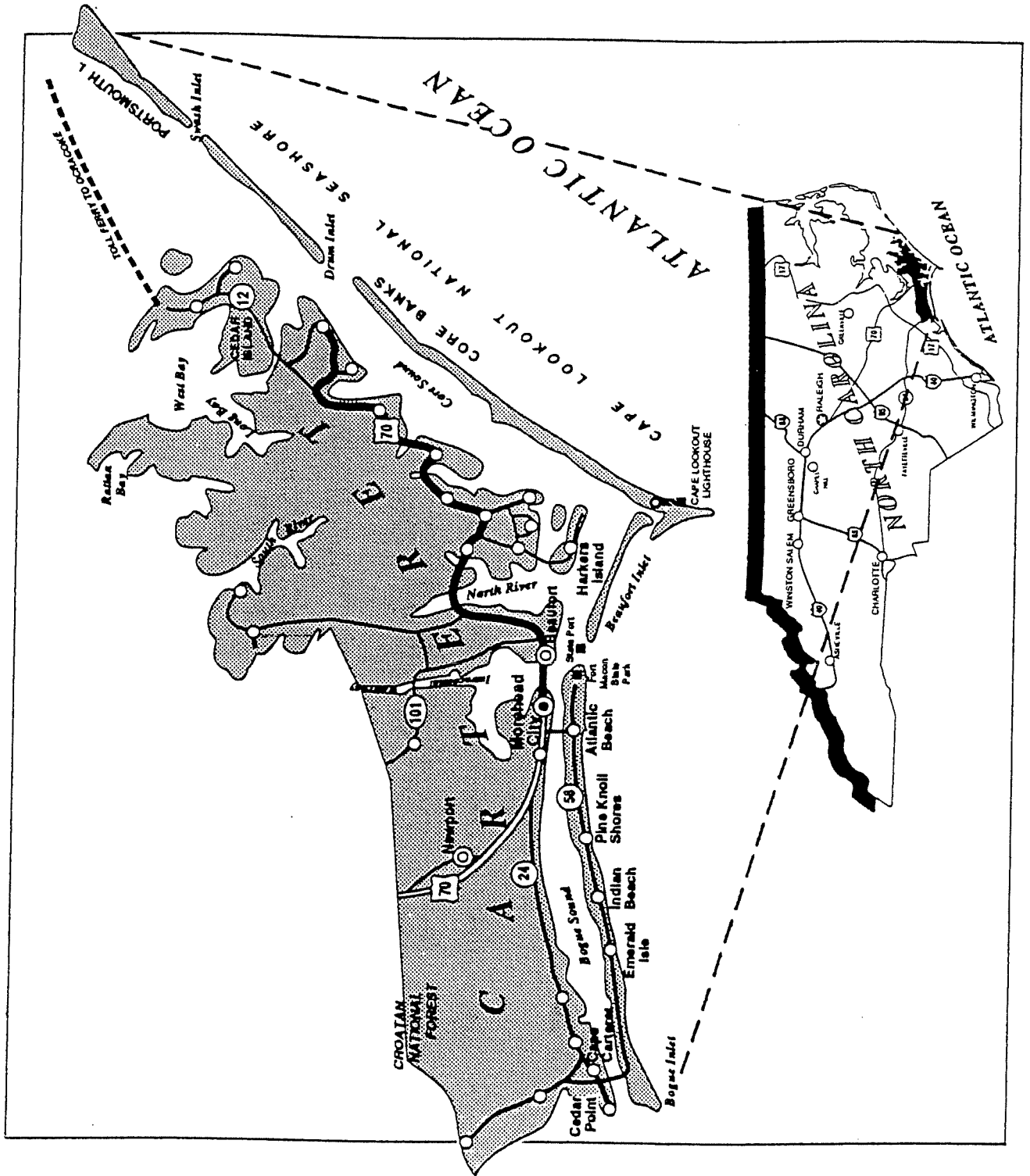
Robert Murphy County Manager
Dee Harris Finance Director
Ralph Thomas, Jr. Sheriff
Melanie Arthur Register of Deeds
Vicki Landingham Tax Assessor
Al Hadley Fire Marshall
Mike Addertion Emergency Management Director
J.T. Garrett Health Director
Betty Fentress Parks and Recreation Director
Katrina Marshall Planning & Central Permit Director
Robert Eason Social Services Director
Ken Berry County Engineer

Carteret County, North Carolina Organizational Chart



* Elected Officials

MAP OF
CARTERET COUNTY, NORTH CAROLINA



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Carteret County,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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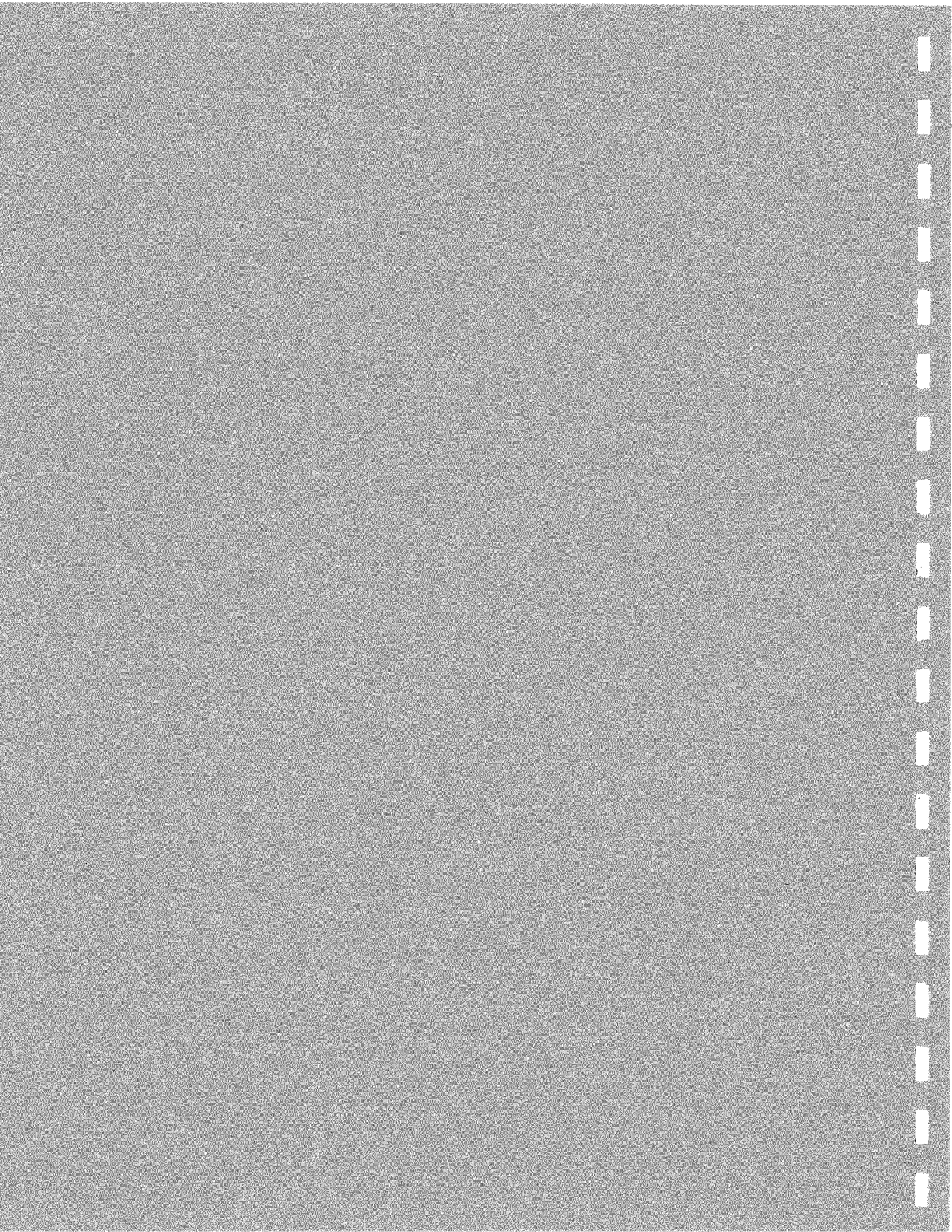


Cary Brubaker
President

Jeffrey L. Esser
Executive Director

GENERAL PURPOSE FINANCIAL STATEMENTS

The General Purpose Financial Statements provide a summary of the financial position of Carteret County. These include all funds, account groups, discretely presented component units and the operating results by fund types. These statements also serve as an introduction to the more detailed statements and schedules that follow.





McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Carteret County
Beaufort, North Carolina

We have audited the accompanying general purpose financial statements of Carteret County, North Carolina, as of and for the fiscal year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Carteret County, North Carolina's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Beaufort-Morehead City Airport Authority, Carteret County Tourism Development Bureau, Carteret County Alcoholic Beverage Control Board (ABC) or Carteret General Hospital Corporation. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort-Morehead City Airport Authority, Carteret County Tourism Development Bureau, Carteret County ABC Board and Carteret General Hospital Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of Carteret County ABC Board and Carteret General Hospital Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Carteret County, North Carolina, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 10, 1999 on our consideration of Carteret County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations, contracts and grants.

The year 2000 supplementary information labeled "Year 2000 Issue" in the required supplementary information section of the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and therefore do not express an opinion on it. In addition, we do not provide assurance that Carteret County is or will become year 2000 compliant, that Carteret County's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Carteret County does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and other schedules, listed in the table of contents as other supplementary information, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, listed in the table of contents in the Compliance Section, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Carteret County, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this comprehensive annual financial report, designated as "introductory section" and "statistical section" in the table of contents, have not been audited by us and, accordingly, we express no opinion on the other data.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 10, 1999

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CARTERET COUNTY, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1999

	Governmental Fund Types			Fiduciary Fund Type
	General	Special Revenue	Capital Projects	Agency
ASSETS AND OTHER DEBITS				
Assets:				
Cash and investments	\$ 10,317,728	\$ 3,174,868	\$ 2,214,715	\$ 28,908
Restricted cash and investments	1,076,521	-	2,687,427	-
Receivables, net	3,882,435	872,814	-	-
Due from other funds	114,758	-	-	-
Due from component units	105,128	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Fixed assets, net where appreciable	-	-	-	-
Other assets	-	-	-	-
Other Debits:				
Amount available for retirement of long-term debt	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Total assets and other debits	\$ 15,496,570	\$ 4,047,682	\$ 4,902,142	\$ 28,908
LIABILITIES, EQUITY AND OTHER CREDIT				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,160,230	\$ 630,227	\$ 205,923	\$ 28,908
Due to other funds	-	114,758	-	-
Due to primary government	-	-	-	-
Deferred revenue	948,199	248,512	-	-
Long-term debt	-	-	-	-
Total liabilities	2,108,429	993,497	205,923	28,908
Equity and other credit:				
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Contributed capital	-	-	-	-
Fund balances:				
Reserved for recreation	57,520	-	-	-
Reserved by State statute	3,164,347	624,302	-	-
Reserved for Sheriff's fund	29,306	-	-	-
Reserved for health programs	492,733	-	-	-
Reserved for debt service	396,521	-	979,612	-
Reserved for capital outlay	680,000	-	-	-
Unreserved:				
Designated for subsequent year's expenditures	2,845,617	1,169,501	3,107,473	-
Undesignated	5,722,097	1,260,382	609,134	-
Total equity and other credit	13,388,141	3,054,185	4,696,219	-
Total liabilities, equity and other credit	\$ 15,496,570	\$ 4,047,682	\$ 4,902,142	\$ 28,908

See Notes to Financial Statements.

Account Groups			Component Units					Totals Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Debt	Totals Primary Government (Memorandum Only)	Beaufort - Morehead City Airport Authority	Carteret County Tourism Development Bureau	Carteret General Hospital Corporation	Carteret County ABC Board		
\$ -	\$ -	15,736,219	\$ 98,799	\$ 500,702	\$ 16,172,594	\$ 597,925	\$ 33,106,239	
-	-	3,763,948	-	-	9,830,789	-	13,594,737	
-	-	4,755,249	1,458	78,174	7,522,616	-	12,357,497	
-	-	114,758	-	-	-	-	114,758	
-	-	105,128	-	-	-	-	105,128	
-	-	-	-	-	1,177,405	493,177	1,670,582	
-	-	-	2,522	-	371,493	1,633	375,648	
33,926,140	-	33,926,140	-	95,002	16,276,537	609,280	50,906,959	
-	-	-	-	-	121,511	210	121,721	
-	1,376,133	1,376,133	-	-	-	-	1,376,133	
-	36,913,786	36,913,786	105,128	9,411	-	-	37,028,325	
\$ 33,926,140	\$ 38,289,919	96,691,361	\$ 207,907	\$ 683,289	\$ 51,472,945	\$ 1,702,225	\$ 150,757,727	
\$ -	\$ -	2,025,288	\$ 637	\$ 83,057	\$ 8,624,704	\$ 425,688	\$ 11,159,374	
-	-	114,758	-	-	-	-	114,758	
-	-	-	105,128	-	-	-	105,128	
-	-	1,196,711	-	-	-	-	1,196,711	
-	38,289,919	38,289,919	-	9,411	3,467,993	-	41,767,323	
-	38,289,919	41,626,676	105,765	92,468	12,092,697	425,688	54,343,294	
33,926,140	-	33,926,140	-	95,002	-	-	34,021,142	
-	-	-	-	-	37,994,064	1,276,537	39,270,601	
-	-	-	-	-	1,386,184	-	1,386,184	
-	-	57,520	-	-	-	-	57,520	
-	-	3,788,649	1,458	78,174	-	-	3,868,281	
-	-	29,306	-	-	-	-	29,306	
-	-	492,733	-	-	-	-	492,733	
-	-	1,376,133	-	-	-	-	1,376,133	
-	-	680,000	-	-	-	-	680,000	
-	-	7,122,591	-	108,749	-	-	7,231,340	
-	-	7,591,613	100,684	308,896	-	-	8,001,193	
33,926,140	-	55,064,685	102,142	590,821	39,380,248	1,276,537	96,414,433	
\$ 33,926,140	\$ 38,289,919	96,691,361	\$ 207,907	\$ 683,289	\$ 51,472,945	\$ 1,702,225	\$ 150,757,727	

CARTERET COUNTY, NORTH CAROLINA

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES,
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only) Primary Government
REVENUE				
Ad valorem taxes	\$ 18,884,605	\$ 5,597,180	\$ -	\$ 24,481,785
Other taxes and licenses	9,919,183	2,620,013	-	12,539,196
Permits and fees	1,331,064	-	-	1,331,064
Intergovernmental	7,057,367	1,147,934	3,917,069	12,122,370
Sales and services	1,006,710	-	-	1,006,710
Interest	756,309	239,802	203,015	1,199,126
Miscellaneous	234,107	-	297,300	531,407
Total revenue	39,189,345	9,604,929	4,417,384	53,211,658
EXPENDITURES				
Current:				
General government	2,841,114	152,837	-	2,993,951
Public safety	4,450,477	3,128,780	-	7,579,257
Transportation	66,115	-	-	66,115
Environmental protection	3,808,134	-	-	3,808,134
Economic and physical development	673,518	1,888,648	-	2,562,166
Human services	9,469,558	-	-	9,469,558
Culture and recreation	1,695,707	-	-	1,695,707
Education	15,099,455	-	-	15,099,455
Capital outlay	-	-	7,689,051	7,689,051
Debt service:				
Principal retirement	2,865,000	-	-	2,865,000
Interest and fees	2,301,549	-	-	2,301,549
Lease obligation principal payments	93,454	-	-	93,454
Total expenditures	43,364,081	5,170,265	7,689,051	56,223,397
Revenue over (under) expenditures	(4,174,736)	4,434,664	(3,271,667)	(3,011,739)
OTHER FINANCING SOURCES (USES)				
Operating transfers in from primary government	-	-	-	-
Operating transfers in from component units	142,165	-	-	142,165
Operating transfers out to component units	(52,041)	(943,058)	-	(995,099)
Operating transfers in	5,639,324	164,052	1,650,316	7,453,692
Operating transfers out	(1,788,316)	(5,591,324)	(74,052)	(7,453,692)
Proceeds from installment debt	705,000	-	-	705,000
Total other financing sources (uses)	4,646,132	(6,370,330)	1,576,264	(147,934)
Revenue and other financing sources over (under) expenditures and other financing uses	471,396	(1,935,666)	(1,695,403)	(3,159,673)
FUND BALANCES, beginning	12,906,029	4,995,282	6,396,907	24,298,218
Residual Equity Transfers	10,716	(5,431)	(5,285)	-
FUND BALANCES, ending	\$ 13,388,141	\$ 3,054,185	\$ 4,696,219	\$ 21,138,545

See Notes to Financial Statements.

Component Units		Totals
Beaufort/ Morehead City Airport Authority	Carteret County Tourism Development Bureau	(Memorandum Only) Reporting Entity
\$ -	\$ -	\$ 24,481,785
-	-	12,539,196
-	-	1,331,064
-	75,000	12,197,370
144,710	-	1,151,420
5,104	24,907	1,229,137
5,441	2,260	539,108
<u>155,255</u>	<u>102,167</u>	<u>53,469,080</u>
-	819,105	3,813,056
-	-	7,579,257
150,485	-	216,600
-	-	3,808,134
-	-	2,562,166
-	75,000	9,544,558
-	-	1,695,707
-	-	15,099,455
27,529	-	7,716,580
9,131	-	2,874,131
5,506	-	2,307,055
-	-	93,454
<u>192,651</u>	<u>894,105</u>	<u>57,310,153</u>
<u>(37,396)</u>	<u>(791,938)</u>	<u>(3,841,073)</u>
52,041	943,058	995,099
-	-	142,165
-	-	(995,099)
-	-	7,453,692
-	-	(7,453,692)
-	-	705,000
<u>52,041</u>	<u>943,058</u>	<u>847,165</u>
14,645	151,120	(2,993,908)
87,497	344,699	24,730,414
-	-	-
<u>\$ 102,142</u>	<u>\$ 495,819</u>	<u>\$ 21,736,506</u>

CARTERET COUNTY, NORTH CAROLINA

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES, BUDGET AND ACTUAL, ALL GOVERNMENTAL FUND TYPES FOR
WHICH ANNUAL BUDGETS HAVE BEEN ADOPTED

For the Fiscal Year Ended June 30, 1999

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 18,500,500	\$ 18,884,605	\$ 384,105
Other taxes and licenses	9,847,600	9,919,183	71,583
Permits and fees	1,299,716	1,331,064	31,348
Intergovernmental	8,374,281	7,057,367	(1,316,914)
Sales and services	987,204	1,006,710	19,506
Interest	750,000	756,309	6,309
Miscellaneous	231,127	234,107	2,980
Total revenue	39,990,428	39,189,345	(801,083)
EXPENDITURES			
Current:			
General government	3,995,218	2,841,114	1,154,104
Public safety	4,996,668	4,450,477	546,191
Transportation	96,726	66,115	30,611
Environmental protection	3,842,610	3,808,134	34,476
Economic and physical development	735,216	673,518	61,698
Human services	10,860,511	9,469,558	1,390,953
Culture and recreation	1,834,779	1,695,707	139,072
Education	15,716,636	15,099,455	617,181
Capital outlay	-	-	-
Debt service:			
Principal retirement	2,865,900	2,865,000	900
Interest and fees	2,300,678	2,301,549	(871)
Lease obligation payments	93,454	93,454	-
Total expenditures	47,338,396	43,364,081	3,974,315
Revenue over (under) expenditures	(7,347,968)	(4,174,736)	3,173,232
OTHER FINANCING SOURCES (USES)			
Installment Purchase Proceeds	705,000	705,000	-
Operating transfer in from component units	160,000	142,165	(17,835)
Operating transfers out to component units	(52,041)	(52,041)	-
Operating transfers in	5,610,188	5,639,324	29,136
Operating transfers out	(1,826,285)	(1,788,316)	37,969
Appropriated fund balance	2,751,106	-	(2,751,106)
Total other financing sources (uses)	7,347,968	4,646,132	(2,701,836)
Revenue and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>471,396</u>	<u>\$ 471,396</u>
FUND BALANCES, beginning		12,906,029	
Residual equity transfers		10,716	
FUND BALANCES, ending		<u>\$ 13,388,141</u>	

See Notes to Financial Statements.

Special Revenue Funds			Capital Projects Fund			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,426,591	\$ 5,597,180	\$ 170,589	\$ -	\$ -	\$ -	\$ 23,927,091	\$ 24,481,785	\$ 554,694
2,961,238	2,620,013	(341,225)	-	-	-	12,808,838	12,539,196	(269,642)
-	-	-	-	-	-	1,299,716	1,331,064	31,348
410,000	58,363	(351,637)	154,000	165,000	11,000	8,938,281	7,280,730	(1,657,551)
-	-	-	-	-	-	987,204	1,006,710	19,506
79,300	239,802	160,502	35,000	100,578	65,578	864,300	1,096,689	232,389
-	-	-	-	297,300	297,300	231,127	531,407	300,280
8,877,129	8,515,358	(361,771)	189,000	562,878	373,878	49,056,557	48,267,581	(788,976)
159,717	152,837	6,880	-	-	-	4,154,935	2,993,951	1,160,984
3,558,895	3,093,030	465,865	-	-	-	8,555,563	7,543,507	1,012,056
-	-	-	-	-	-	96,726	66,115	30,611
-	-	-	-	-	-	3,842,610	3,808,134	34,476
434,732	428,663	6,069	-	-	-	1,169,948	1,102,181	67,767
-	-	-	-	-	-	10,860,511	9,469,558	1,390,953
-	-	-	-	-	-	1,834,779	1,695,707	139,072
-	-	-	-	-	-	15,716,636	15,099,455	617,181
-	-	-	2,264,636	473,995	1,790,641	2,264,636	473,995	1,790,641
-	-	-	-	-	-	2,865,900	2,865,000	900
-	-	-	-	-	-	2,300,678	2,301,549	(871)
-	-	-	-	-	-	93,454	93,454	-
4,153,344	3,674,530	478,814	2,264,636	473,995	1,790,641	53,756,376	47,512,606	6,243,770
4,723,785	4,840,828	117,043	(2,075,636)	88,883	2,164,519	(4,699,819)	754,975	5,454,794
-	-	-	-	-	-	705,000	705,000	-
-	-	-	-	-	-	160,000	142,165	(17,835)
(945,183)	(943,058)	2,125	-	-	-	(997,224)	(995,099)	2,125
140,969	138,000	(2,969)	1,685,316	1,650,316	(35,000)	7,436,473	7,427,640	(8,833)
(5,593,491)	(5,591,324)	2,167	(74,052)	(74,052)	-	(7,493,828)	(7,453,692)	40,136
1,673,920	-	(1,673,920)	464,372	-	(464,372)	4,889,398	-	(4,889,398)
(4,723,785)	(6,396,382)	(1,672,597)	2,075,636	1,576,264	(499,372)	4,699,819	(173,986)	(4,873,805)
\$ -	(1,555,554)	\$ (1,555,554)	\$ -	1,665,147	\$ 1,665,147	\$ -	580,989	\$ 580,989
	4,461,332			514,451			17,881,812	
	(5,431)			(5,285)			-	
	\$ 2,900,347			\$ 2,174,313			\$ 18,462,801	

CARTERET COUNTY, NORTH CAROLINA

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 1999

	Component Units	
	Carteret General Hospital Corporation	Carteret County ABC Board
OPERATING REVENUE		
Charges for services	\$ 52,111,698	\$ -
Alcoholic beverage sales, net	-	4,466,919
Total operating revenue	<u>52,111,698</u>	<u>4,466,919</u>
OPERATING EXPENSES		
Hospital operations	46,473,010	-
Cost of goods sold	-	3,060,946
Store and warehouse expense	-	993,396
Depreciation	2,193,119	46,664
Total operating expenses	<u>48,666,129</u>	<u>4,101,006</u>
Operating income	<u>3,445,569</u>	<u>365,913</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,207,271	21,900
Gifts and donations	335,077	-
Other expenses	-	(9,759)
Law enforcement	-	(59,209)
Distributions to other governments	-	(142,166)
Total nonoperating revenues (expenses)	<u>1,542,348</u>	<u>(189,234)</u>
Income before operating transfers	<u>4,987,917</u>	<u>176,679</u>
OPERATING TRANSFERS		
Operating transfers to primary government	-	(142,165)
Net income	4,987,917	34,514
RETAINED EARNINGS - beginning	<u>33,006,147</u>	<u>1,242,023</u>
RETAINED EARNINGS, ending	<u>\$ 37,994,064</u>	<u>\$ 1,276,537</u>

See Notes to Financial Statements.

CARTERET COUNTY, NORTH CAROLINA

**COMBINED STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 1999**

	Component Units	
	Carteret General Hospital Corporation	Carteret County ABC Board
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 3,445,569	\$ 365,913
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,193,119	46,664
Provision for bad debts	4,278,391	-
Interest expense	264,653	-
Equity in loss of joint venture	32,265	-
Change in assets and liabilities:		
Receivables	(4,282,004)	
Inventories	173,069	(39,085)
Prepaid expenses	(176,216)	-
Other assets	-	220
Settlements due to third-party payors	189,699	-
Accounts payable and accrued expenses	332,034	22,584
Net cash provided by operating activities	<u>6,450,579</u>	<u>396,296</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Unrestricted gifts and donations	192,577	-
Restricted gifts	142,500	-
Operating transfers to primary government	-	(125,987)
Operating transfers to other governments	-	(121,218)
Payment for Law Enforcement	-	(59,209)
Net cash provided by (used in) non-capital financing activities	<u>335,077</u>	<u>(306,414)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on obligations under capital leases and bonds	(902,110)	-
Interest paid on obligations under capital leases and bonds	(274,272)	-
Acquisition of capital assets	(2,263,086)	(42,986)
Net cash used in capital and related financing activities	<u>(3,439,468)</u>	<u>(42,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,128,806	21,900
Proceeds from investing activities	5,550,000	-
Purchase of long term investment	(4,350,000)	-
Other investment	(25,001)	(9,759)
Net cash provided by investing activities	<u>2,303,805</u>	<u>12,141</u>
Net increase in cash and cash equivalents	5,649,993	59,037
CASH AND CASH EQUIVALENTS		
Beginning (including \$1,679,392 restricted)	<u>16,003,390</u>	<u>538,888</u>
Ending (including \$5,480,789 restricted)	<u>\$ 21,653,383</u>	<u>\$ 597,925</u>

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups

Nature of operations:

Carteret County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located on the coast of North Carolina, with its seat of government in the Town of Beaufort. The County is responsible for providing a full range of governmental services, including police and fire protection to residents in unincorporated areas of the County, health and social services, recreational programs, and operational and capital funding support for the public school systems.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The four discretely presented component units presented below are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Beaufort - Morehead City Airport Authority. The Beaufort - Morehead City Airport Authority is an entity created by resolution of the Carteret County Board of Commissioners for the purpose of management and maintenance of the airport located in Carteret County. The County appoints a majority of the Authority board members. The Authority also receives a majority of its revenue from County sources. The airport, which has a June 30 year end, is discretely presented as if it were a special revenue fund.

Carteret County Tourism Development Bureau. The Carteret County Tourism Development Bureau is an entity created by resolution of the Carteret County Board of Commissioners for the purpose of management of the promotion and development of tourism in Carteret County. The County does not have authority to designate management of the Bureau nor remove board members of the Bureau. However, the Bureau must submit its annual budget and subsequent budget amendments to the Board of County Commissioners for approval and receives substantially all its revenue from an occupancy tax implemented, and revocable, by the County Commissioners. The TDB, which has a June 30 year end, is discretely presented as if it were a special revenue fund.

Carteret General Hospital Corporation ("Hospital"). The Hospital is a public hospital operated by a non-profit corporation providing healthcare to residents of Carteret County. The Hospital leases its existing facilities and all future improvements from the County. The County appoints the Hospital's governing board and can remove board members at will. The Hospital must receive approval from the County Commissioners before issuing debt. The Hospital, which has a September 30 year-end, is discretely presented as if it were a proprietary fund.

Carteret County Alcoholic Beverage Control Board ("ABC Board"). The ABC Board is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board, which has a June 30 year end, is discretely presented as if it were a proprietary fund.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

Complete financial statements for each of the individual component units may be obtained at the administrative offices of those entities.

- Beaufort-Morehead City Airport Authority, Highway 101 East, Beaufort, NC 28516
- Carteret County Tourism Development Bureau, Highway 70 West, Morehead City, NC 28557
- Carteret General Hospital Corporation, PO Box 1619, Morehead City, NC 28557
- Carteret County ABC Board, Highway 70 East, Beaufort, NC 28516

The following corporation is included as a blended component:

County of Carteret Public Facilities Financing Corporation. The County of Carteret Public Facilities Financing Corporation is a non-profit corporation created solely to provide for the financing of the construction of a new law enforcement center, an addition to the Social Services building, a new public elementary school, and the acquisition of certain land for an expansion of the community college facilities in Carteret County, North Carolina. Certificates of participation were previously issued prior to July 1, 1992 to provide the funds for the other facilities. The County has entered into Construction and Repayment Contracts with the corporation. The corporation's assets, fund balance, revenue and expenditures have been included in the County Capital Improvements Fund at June 30, 1999.

Summary of significant accounting policies:

The financial statements of Carteret County, North Carolina have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Fund Accounting. The accounts of the County are organized and operated on the basis of funds and account groups, each of which is considered an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

The County has the following fund categories (further divided by fund type) and account groups:

Governmental Fund Types—Governmental funds are used to account for all or most of a government's general governmental activities (general fund), collection and disbursement of earmarked monies (special revenue funds), and the acquisition or construction of general fixed assets (capital projects funds). The following are the governmental funds of the County:

- **General Fund**—The General Fund is the general operating fund of the County and accounts for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds**—Special revenue funds account for specific revenues sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains the following Special Revenue Funds: Revaluation Fund, Rescue Squad Fund, Fire District Fund, Emergency 911 Fund, Occupancy Tax Fund, School Projects Reserve Fund, Mansfield/North River Revitalization, the Industrial Park Fund, FEMA Hazardous Mitigation Fund, North River Revitalization - Phase II Fund and Community Development Block Grant - Jarrett Bay Fund. The Family Reserve Center Fund was closed during the year.
- **Capital Projects Funds**—Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. The County maintains the following Capital Projects Funds: County Capital Reserve Fund, County Capital Improvements Fund, Morehead City Elementary School Project Fund, School Projects Fund and School Special Projects Fund. The Senior Center Project Fund was closed during the current year.

Fiduciary Fund Type—Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature and do not involve measurement of results of operations. The County maintains the following Agency funds: Sheriff's Department Fund and the Social Services Trust Fund.

Accounts Groups—The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus as described at "Basis of Accounting" below. The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

- *General Fixed Assets Account Group*—This account group is used to account for all fixed assets of the County other than infrastructure fixed assets.
- *General Long-Term Debt Account Group*—This account group is used to account for all long-term obligations of the County.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

Measurement Focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The component units accounted for as proprietary type funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these component units are included on the balance sheet. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of Accounting. Basis of accounting determines when the revenue and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting. The governmental fund types and agency funds are presented in the financial statements on the same basis. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it is "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The County considers all revenues available if they are collected within 60 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Carteret County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities in the County. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 1998 through February 1999 apply to the fiscal year ended June 30, 1999. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1 through the fiscal year end apply to the fiscal year 1999-2000 and are not shown as receivables at June 30, 1999. For those motor vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year end are also reflected as deferred revenues at June 30, 1999 because they are intended to finance the County's operations during the 2000 fiscal year.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

Sales taxes collected and held by the State at year end on behalf of the County are recognized as revenue. Intangible taxes, certain intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The County reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds (certain discrete component units) are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted accounting principles, the component units have elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for their proprietary operations.

Budgets and Budgetary Accounting. An annual budget is adopted for the general fund, the special revenue funds (excluding the Mansfield/North River Area Revitalization, North River Revitalization - Phase II, FEMA Hazardous Mitigation, Industrial Park and CDBG - Jarrett Bay Funds), and the capital projects funds (excluding the Morehead City Elementary School Project Fund and the School Projects Fund). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds and the special revenue funds which do not adopt annual budgets. In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- 1) The County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

The Board of Commissioners may amend the budget ordinance at any time after its adoption as long as the amended ordinance continues to meet the requirements of North Carolina's "Local Government Budget and Fiscal Control Act". No amendment may change the property tax levy unless the Board of Commissioners is so ordered by competent authority. During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations, and all amendments were legally made. The budget amounts shown in the combined financial statements represent the budget, as amended, at June 30, 1999. Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures, by

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

department total, for the general fund and the special revenue funds and at the object level for the capital projects funds. All budgets are fixed in nature. The County Manager is authorized to make line item transfers within a department not in excess of \$10,000. Transfers between departments that exceed \$5,000 or any transfers between funds require Board approval. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis.

The budget, as authorized for the General Fund, includes certain receipts to be received for and disbursed to, or on behalf of, other entities, or individuals, by the County as fiscal agent. For financial reporting purposes, these agency receipts and disbursements are reclassified to a fiduciary fund type. In addition, the budgets authorized for the General Fund, Special Revenue funds, and Capital Project funds are prepared on a modified accrual basis.

Encumbrances, which are not expenditures, represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. The County has no encumbrances outstanding at year-end.

Deposits and Investments. All deposits of the County, Carteret General Hospital Corporation, Carteret County ABC Board, Carteret County Tourism Development Bureau (TDB), and Beaufort-Morehead City Airport Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Hospital, the ABC Board, the TDB, and Airport may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board, the TDB, and the Airport may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State statute (G.S. 159-30) authorizes the County and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC registered 2a-7 mutual fund.

The County, the Hospital, and the ABC Board's money market investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based on a computerized matrix system and/or appraisals by a pricing service. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

Cash and Cash Equivalents. The County pools money from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. Cash and cash equivalents of proprietary type component units include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

Restricted Cash and Investments. Certain proceeds of bond issuances are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

Ad Valorem Taxes Receivable. Ad valorem taxes are not accrued as revenue because they are not considered to be both "measurable and available". The receivable amount is reduced by an allowance for doubtful accounts equal to the percent of the original levy which has normally been written off based on past experience. An amount equal to the taxes receivable that was not accrued as revenue is shown as a deferred revenue on the combined balance sheet.

The property tax calendar for Carteret County, North Carolina is as follows:

Lien Date	January 1, 1998
Levy Date	July 1, 1998
Due Date	September 1, 1998
Past Due Date	January 6, 1999

Allowances for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Inventories. Inventories of the Hospital and the ABC Board are valued at the lower of cost, on a first-in, first-out (FIFO) basis, or market. The Hospital inventory consists of expendable items, including pharmaceuticals and general supplies, held for consumption. The Hospital inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Fixed Assets. General fixed assets of the County are not capitalized in the governmental fund used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost, where historical records are available, or at estimated historical cost, where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Public domain or infrastructure fixed assets are not capitalized as these assets are immovable and of value only to the County. Also, the County has elected not to capitalize interest or debt issuance costs as a component of the cost of general fixed assets constructed for its own use.

The County holds title to certain Carteret County Board of Education properties which have not been included in fixed assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as fixed assets in the financial statements of the Carteret County Board of Education. Revenues and expenditures related to these construction projects are reflected in capital project funds of Carteret County during the duration of construction.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

Property and equipment of the Hospital, the ABC Board and the Tourism Development Bureau are recorded at original cost at the time of acquisition. Property and equipment donated to these entities for operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of the fixed assets of the Hospital or the ABC Board is reflected in the capitalized value of the asset constructed. Assets in the County's general fixed assets account group and the Tourism Development Bureau are not depreciated and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Airport Authority does not own any real property but utilizes facilities provided by the County. All airport fixed assets are considered County property and included in the County's general fixed assets account group.

The County owns legal title to all Hospital facilities and improvements under a lease agreement which allows the Hospital unrestricted use of those facilities. The County's policy is to report these assets in the Hospital component unit.

Property and equipment of the Hospital and the ABC Board are depreciated over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings and improvements	10 - 40 years
Furniture and equipment	4 - 20 years
Improvements other than building	5 - 20 years

Compensated Absences. Vested or accumulated vacation leave and compensatory leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and compensatory leave time that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. At June 30, 1999, the current portion of the accumulated vacation and compensatory leave pay is not considered to be material and, therefore, no provision has been made in the accompanying financial statements in the General Long-Term Debt Account Group. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-term Obligations. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

Fund Equity. Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State law [G.S. 159-13 (b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

The governmental fund types classify fund balances as follows:

Reserved

- Reserved for recreation—represents amounts restricted for specific recreation purposes.
- Reserved by State statute—portion of fund balance not available for appropriation after remaining reserves not available for appropriation have been segregated. This generally includes accounts receivable and amounts due from other funds, which are not offset by deferred revenues.
- Reserved for Sheriff's fund—represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs
- Reserved for health programs—represents amounts restricted to expenditures in specific health programs.
- Reserved for debt service—represents amounts restricted to expenditures for future debt service obligations.
- Reserved for capital outlay —portion of total fund balance available for appropriation which has been designated for the purchase of the Tax and Finance Software.

Unreserved

- Designated for subsequent year's expenditures—portion of total fund balances available for appropriation which has been designated for the adopted 1999-2000 budget ordinance or designated for future capital outlay.
- Undesignated—portion of total fund balance available for appropriation which is uncommitted at June 30, 1999.

Interfund Transactions. Quasi-external transactions are accounted for as revenue or expenditures since they would be treated as such if they involved organizations external to the County. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Totals (Memorandum Only) Columns. The total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)-Primary Government" and "Totals (Memorandum Only)-Reporting Entity" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles for the primary government. Interfund eliminations have not been made in the aggregation of this data.

Reclassification. During the year ended June 30, 1999, the County reclassified its schools Special Project Fund from a special revenue fund type to a capital projects fund type. The beginning fund balance of \$57,675 was reclassified in this process. Additionally, for purposes of reporting cash flows, the County reclassified a portion of Carteret General Hospital Corporation's beginning restricted cash and investments to cash and equivalents in the amount of \$1,679,392.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance and Accountability

Excess of expenditures over appropriation in individual funds:

The County's expenditures for the year ended June 30, 1999, have exceeded amounts budgeted in the following departments for the General Fund:

General Fund:

Tri-County Solid Waste	\$ 38,730
In Home Aid	210
Congregate Nutrition	348

Deficits in Fund Balance of Individual Funds:

As of June 30, 1999, the Occupancy Tax Fund had a deficit in fund balance of \$224. The County will transfer funds from the General Fund to rectify the deficit in fund balance.

Note 3. Cash and Investments

Cash on Hand:

The County had \$1,655 in petty cash on hand at June 30, 1999.

Deposits:

All deposits of the County and its component units are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the units' agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 1999, the County's deposits had a carrying amount of \$5,839,350 and a bank balance of \$6,111,171. Of the bank balance, \$336,893 was covered by federal depository insurance and \$5,774,278 was covered by collateral held under the Pooling Method. At June 30, 1999, \$396,521 in the General Fund is being held as restricted cash in a sinking fund, for repayment of annual principal and interest on the 1991 certificates of participation, the Morehead Elementary School Project Fund and \$680,000 of investments are held in the General Fund for purchase of a new information system for the county. Additionally, investments of \$1,460,869 in the School Projects Fund and \$1,226,558 in the Morehead Elementary School Project Fund are restricted for the renovations of existing school buildings and for future debt payments on the Morehead Primary School.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Component Unit Information

At June 30, 1999, the carrying amount of deposits for Tourism and Development Bureau was \$103,859 and the bank balance was \$146,945. The bank balance of the Bureau was fully covered by federal depository insurance.

At June 30, 1999, the carrying amount of deposits for Beaufort-Morehead City Airport Authority was \$98,799 and the bank balance was \$126,561. The bank balance, was fully covered by federal depository insurance.

At September 30, 1998, the carrying amount of the Hospital's deposits was \$26,003,383 and the bank balance was \$26,214,516. Of the bank balance, \$500,000 was covered by federal depository insurance and \$25,714,516 is collateralized by an escrow account in the name of the State Treasurer.

At June 30, 1999, the carrying amount of deposits for Carteret County ABC Board was \$592,300 and the bank balance was \$533,263. All of the bank balance was covered by federal depository insurance.

Investments:

State of North Carolina General Statutes authorize the County and its component units to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of principal and interest of such obligations is fully guaranteed by the United States; certain quasi-federal agencies; commercial paper bearing the highest credit ratings available; bankers acceptances of accepting banks or holding companies either (i) incorporated in the State of North Carolina or (ii) the highest available long-term debt rating; and the North Carolina Capital Management Trust, an SEC registered 2a-7 mutual fund.

The investments of the County and its component units are categorized to give an indication of the level of custodial risk assumed by each entity at year end. Column A includes investments that are insured or registered, or for which the securities are held by the unit or its agent in the unit's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the unit's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the entity's name. Investments in the North Carolina Capital Management Trust is exempt from risk categorization because the entity does not own any identifiable securities, but is a shareholder of a percentage of the fund.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

At June 30, 1999, the County's investment balances were as follows:

	Category			Reported Value	Fair Value
	A	B	C		
US Treasury Notes	\$1,226,558	\$ -	\$ -	\$ 1,226,558	\$ 1,226,558
Commercial Paper	2,980,429	-	-	2,980,429	2,980,429
North Carolina Capital Management Trust*				9,452,175	9,452,175
				13,659,162	13,659,162
Less:					
Restricted investments				3,367,427	3,392,427
Unrestricted investments				<u>\$ 10,291,735</u>	<u>\$ 10,291,735</u>

* Is not categorized because the County does not own any identifiable securities, but is a shareholder of a percentage of the fund.

At June 30, 1999, the County's cash and investments are comprised of the following:

Cash on hand	Total
Carrying value of deposits	\$ 1,655
Investments	5,839,350
	<u>13,659,162</u>
Total	<u>\$ 19,500,167</u>
Balance Sheet Reconciliation:	
Unrestricted cash and investments	\$ 15,736,219
Restricted cash and investments	<u>3,763,948</u>
Total	<u>\$ 19,500,167</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Component Unit Information

At June 30,1999, the Tourism and Development Bureau had investments in the North Carolina Capital Management Trust and are exempt from risk categorization because the Bureau does not own any identifiable security but is a shareholder of a percentage of the fund.

	Reported Value	Fair Value
North Carolina Capital Management Trust	\$ 396,843	\$ 396,843

Note 4. Budget to GAAP Reconciliation

The combined statement of revenue, expenditures, and changes in fund balances, budget and actual compares the budget and actual data by fund type for those governmental funds that adopt annual budgets. Therefore, only those special revenue and capital project funds that adopt annual budgets are included therein, while all special revenue and capital projects funds are reflected on the combined statement. A reconciliation of the revenue and other financing sources over (under) expenditures and other financing uses follows:

	Special Revenue Funds	Capital Projects Funds
Revenues and other financing sources over (under) expenditures and other financing uses, budgetary basis (page 22 and 23)	\$ (1,555,554)	\$ 1,665,147
To record excess of revenues and other financing sources over (under) expenditures and other financing uses for the following funds which have multi-year budgets:		
FEMA Hazardous Mitigation Fund	-	-
North River Area Revitalization Phase II Fund	1,865	-
Industrial Park Fund	(428,691)	-
Jarrett Bay CDBG Fund	46,714	-
Morehead City Elementary School Project Fund	-	66,312
School Projects Fund	-	(3,426,862)
Revenues and other financing sources over (under) expenditures and other financing uses, GAAP basis (page 20 and 21)	<u>\$ (1,935,666)</u>	<u>\$ (1,695,403)</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Receivables

Receivables are comprised of the following major categories as of June 30, 1999:

	Property Taxes	Allowance For Uncollectible Accounts	Other Governments	Other Sources	Total
General Fund:					
Local option sales tax	\$ -	\$ -	\$ 2,354,383	\$ -	\$ 2,354,383
Other	1,271,786	(493,261)	213,225	536,302	1,528,052
	<u>1,271,786</u>	<u>(493,261)</u>	<u>2,567,608</u>	<u>536,302</u>	<u>3,882,435</u>
Special Revenue Funds:	376,763	(129,271)	551,186	74,136	872,814
Totals	<u>\$ 1,648,549</u>	<u>\$ (622,532)</u>	<u>\$ 3,118,794</u>	<u>\$ 610,438</u>	<u>\$ 4,755,249</u>

Property Tax—Use-Value Assessment on Certain Lands. In accordance with North Carolina general statutes, agriculture, horticulture, and forest land may be taxed as present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
1995	\$ 85,134	\$ 29,135	\$ 114,269
1996	83,542	21,078	104,620
1997	120,571	18,397	138,968
1998	117,342	7,634	124,976
Total	<u>\$ 406,589</u>	<u>\$ 76,244</u>	<u>\$ 482,833</u>

Component Unit Information

The Carteret General Hospital Corporation receivables are net of an allowance for doubtful accounts in the amount of \$5,035,000.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	General Fixed Assets July 1, 1998	Additions	Retirements	Adjustments and Transfers	General Fixed Assets June 30, 1999
<u>By Asset Type:</u>					
Land, Airport	\$ 391,973	\$ -	\$ -	\$ -	\$ 391,973
Land, other	2,069,219	-	-	-	2,069,219
Buildings	19,918,662	-	-	-	19,918,662
Vehicles	1,344,861	430,162	175,382	-	1,599,641
Equipment	3,683,710	468,064	245,463	-	3,906,311
Airport facilities	1,487,075	-	-	-	1,487,075
Other improvements	4,469,264	90,482	6,487	-	4,553,259
Total	\$ 33,364,764	\$ 988,708	\$ 427,332	\$ -	\$ 33,926,140

	General Fixed Assets July 1, 1998	Additions	Retirements	Adjustments and Transfers	General Fixed Assets June 30, 1999
<u>By Function:</u>					
General government	\$ 9,660,487	\$ 379,391	\$ 111,927	\$ (2,110)	\$ 9,925,841
Public safety	10,427,449	354,548	170,871	(9,039)	10,602,087
Human services	6,531,191	184,774	99,021	(3,489)	6,613,455
Environmental protection	1,354,024	-	-	-	1,354,024
Culture/recreation	3,224,115	62,630	39,823	12,528	3,259,450
Economic/physical development	91,730	7,365	5,690	2,110	95,515
Transportation	2,075,768	-	-	-	2,075,768
Totals	\$ 33,364,764	\$ 988,708	\$ 427,332	\$ -	\$ 33,926,140

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Fixed Assets (Continued)

Investment in general fixed assets by source:

Prior to June 30, 1992	\$ 20,010,204
General Fund	5,495,728
Capital Projects Funds	<u>8,420,208</u>
	<u>\$ 33,926,140</u>

This schedule does not include \$1,470,473 in infrastructure improvements where the County has agreed as of June 30, 1999 to deed these assets to other governmental units once these projects have been completed.

Component Unit Information

The following is a summary of the Hospital fixed assets at June 30, 1999:

Land	\$ 101,582
Land improvements	640,320
Buildings and improvements	13,490,419
Furniture and equipment	22,185,291
Construction in progress	<u>183,975</u>
	36,601,587
Less accumulated depreciation	<u>20,325,050</u>
	<u>\$ 16,276,537</u>

Legal title to the Hospital's property and equipment, except equipment purchased by the Hospital from unrestricted funds, is held by Carteret County. The facilities are leased to the Hospital for an annual rent of \$1. In the event of dissolution of the Hospital or its failure to function as a Hospital or to operate as required in the lease, all of its monies, properties and assets shall revert to Carteret County.

The following is a summary of the ABC Board fixed assets at June 30, 1999:

Land	\$ 202,424
Buildings and improvements	520,524
Furniture and equipment	419,452
Improvements other than building	<u>90,340</u>
	1,232,740
Less accumulated depreciation	<u>623,460</u>
	<u>\$ 609,280</u>

The following is a summary of the Carteret County TDB fixed assets at June 30, 1999:

Equipment	<u>\$ 95,002</u>
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CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County is a participant in an insurance pool administered by the North Carolina Association of County Commissioners, which provides workers' compensation coverage. The workers' compensation pool provides statutory limits of coverage as required by the North Carolina Workers' Compensation Act. All losses in excess of a specified retained limit is reinsured through commercial insurance. The pool is self-sustaining through member premiums and the County has transferred its risk of loss to the pool.

The County carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All of the component units are exposed to similar risks as described above for the County and each maintains sufficient insurance policies in effect that would preclude any claims adversely affecting the financial position of the component units.

Carteret General Hospital is insured under claims-made policies for the purpose of providing professional and patient care liability insurance. These policies cover only malpractice claims reported to the insurance carrier during the policy term. Coverage includes a \$3,000,000 policy on professional liability limited to \$1,000,000 per case and an excess coverage policy for specified aggregate amounts in excess of the basic coverage.

The Carteret ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

Carteret County Tourism Development Bureau is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Bureau has property, general liability, workers' compensation, and employee health coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past fiscal years.

Beaufort/Morehead City Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has property and general liability insurance coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 8. Deferred Revenue

As discussed in the Summary of Significant Accounting Policies (Note 1), ad valorem taxes receivable are not accrued as a revenue because they are not considered to be both "measurable and available." Property taxes which are measurable, but not available, are recorded as deferred revenue. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as deferred revenue. The balance of deferred revenue at June 30, 1999 is comprised of the following:

	General Fund	Special Revenue Fund	Total
Net property taxes receivable	\$ 778,525	\$ 247,492	\$ 1,026,017
Prepaid taxes and licenses	10,225	-	10,225
Other receivables	159,449	1,020	160,469
	<u>\$ 948,199</u>	<u>\$ 248,512</u>	<u>\$ 1,196,711</u>

Note 9. Long-Term Obligations

The County records long-term debt of the governmental funds at face value in the general long-term debt account group. The general obligation bonds are backed by the faith, credit, and taxing power of the County. All County debt is being retired with General Fund revenues. Principal and interest requirements are appropriated when due.

Long-term debt obligations at June 30, 1999 are comprised of the following individual issues which are to be serviced by the General Fund:

General obligation bonds:

1978 school building, due on June 1 in installments of \$200,000 through June 1, 2000 and a final payment of \$75,000 due on June 1, 2001; interest at 6%	\$ 275,000
1979 school building, due on June 1 in installments of \$200,000 through June 1, 2000 and a final payment of \$325,000 due on June 1, 2001; interest at 6.97%	525,000
1995 public improvement, including \$2,000,000 for the construction of the Senior Citizens Center, 8,000,000 for computer upgrades and technology for the County schools, renovations, and upfront costs for two new school buildings. Due on May 1 in varying installment amounts through May 1, 2013; interest at 5.25% through May 1, 1998, 5.30% through May 1, 2008, and 5.4% through May 1, 2013.	8,800,000
1996 school buildings, due on May 1 in varying installments through May 1, 2017; interest at 5.40% through May 1, 2016, and 5.50% through May 1, 2017.	19,850,000

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Certificates of participation:

1991 Certificates of participation due on March 1 in varying installment amounts through March 1, 2001; interest at 5.9% through March 1, 1996 and 6.4% through March 1, 2001 collateralized by the Jail and Department of Social Services buildings.	\$ 1,870,000
1992 Certificates of participation due on February 1 in varying installment amounts through February 1, 2007; interest at 6.5% collateralized by the Morehead City Elementary School.	5,715,000

Installment Purchase:

Purchase of equipment; provides for 5 consecutive annual installments of \$153,368 beginning in fiscal year 1999-2000, including interest at 4.39%.	705,000
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Accrued vacation pay and compensatory time:

Accrued vacation pay included in the long-term debt at June 30, 1999	466,628
Accrued compensatory time included in the long-term debt at June 30, 1999	42,130

Net Pension Obligation

41,161
\$ 38,289,919

Annual maturity and sinking fund requirements on long-term debt (except accrued vacation and compensatory times) with related interest as of June 30, 1999 are as follows:

	General Obligation Bonds and Certificates of Participation		Installment Purchases		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
1999-2000	\$ 2,920,000	\$ 2,086,942	\$ 153,368	\$ -	\$ 3,073,368	\$ 2,086,942
2000-2001	2,980,000	1,908,248	129,152	24,217	3,109,152	1,932,465
2001-2002	2,415,000	1,725,025	134,821	18,547	2,549,821	1,743,572
2002-2003	2,415,000	1,587,450	140,740	12,628	2,555,740	1,600,078
2003-2004	2,415,000	1,449,875	146,919	6,449	2,561,919	1,456,324
Thereafter	23,890,000	8,266,175	-	-	23,890,000	8,266,175
	<u>\$ 37,035,000</u>	<u>\$ 17,023,715</u>	<u>\$ 705,000</u>	<u>\$ 61,841</u>	<u>\$ 37,740,000</u>	<u>\$ 17,085,556</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

The following changes in liabilities reported in the general long-term debt account group:

	General Long-Term Debt		General Long-Term Debt	
	July 1, 1998	Additions	Retirements	June 30, 1999
<u>By Debt:</u>				
General obligation bonds and Certificates of participation	\$ 39,900,000	\$ -	\$ 2,865,000	\$ 37,035,000
Installment Purchases (Note 9)	93,454	705,000	93,454	705,000
Vacation pay and compensatory time	534,117	8,168	33,527	508,758
Net Pension Obligation	-	41,161	-	41,161
Total	<u>\$ 40,527,571</u>	<u>\$ 754,329</u>	<u>\$ 2,991,981</u>	<u>\$ 38,289,919</u>

Interest paid on the above obligations during 1999 totaled \$2,265,828

State statute provides for a legal debt limit of 8 percent of the County's appraised valuation. The County's legal debt margin as of June 30, 1999 amounts to \$392,162,267.

Component unit information:

The Hospital entered into a \$4,200,000 note payable agreement with a bank during the year ended September 30, 1993. The note is payable in 20 consecutive equal semi-annual payments of \$271,969 including interest at 5.2%. The note is collateralized by a deed of trust on property and equipment with a net book value of approximately \$3,078,000 at September 30, 1998. At September 30, 1998 the outstanding balance on the note was \$2,368,063 with future principal maturities as of September 30, 1998 are as follows:

Year Ending September 30.

1999	\$ 426,293
2000	448,725
2001	472,363
2002	497,245
2003	523,437
	<u>\$ 2,368,063</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

The Hospital's capital leases expire on various dates extending to 2001 with effective interest rates varying from 8% to 13%. The following is a schedule by years of future minimum lease payments under capital leases as of September 30, 1998:

<u>Year Ending September 30,</u>	
1999	\$ 666,078
2000	459,041
2001	65,135
Total minimum lease payments	<u>1,190,254</u>
Amounts representing interest	<u>(90,324)</u>
Present values of net minimum lease payments	<u>\$ 1,099,930</u>

The Tourism and Development Bureau had accrued compensated absences as a long term debt at June 30, 1999 in the amount of \$9,411.

Note 10. Retirement Systems

North Carolina Local Governmental Employees' Retirement System:

Plan Description. Carteret County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.47%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees is 5.4% of annual covered payroll. The contribution requirements of members and of Carteret County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contribution to LGERS for the years ended June 30, 1999, 1998, and 1997 were \$404,714, \$342,789, and \$339,700, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 1999, 1998, and 1997 were \$27,168, \$25,294, and \$23,534, respectively. The contribution made by the County and the ABC Board equaled the required contributions for each year.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

Carteret General Hospital Corporation Pension Plan:

The Hospital provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires that the Hospital contributed an amount equal to 7% of the employee's base salary at the end of each plan year. The Hospital's contributions for each employee (and plan earnings allocated to the employee's account) are fully vested after five years' continuous service. Hospital contributions for, and plan earnings forfeited by, employees who leave employment before five years of service are used to reduce the Hospital's current-period contribution requirement.

The Hospital's total payroll for the year ended September 30, 1998 was \$20,460,284. The Hospital's contributions were calculated using the total salary amounts of eligible participants, which were approximately \$15,000,000 in 1998. Contributions for year ended September 30, 1998 totaled \$1,196,111.

Carteret County Tourism Development Bureau Retirement Plan:

The Bureau has set up a simplified employee pension - Individual Retirement Account for each of its full-time employees who have worked eight months of the immediately preceding five years. The contribution is four percent of salary for qualifying employees. The Bureau's payroll for employees covered by this plan for the fiscal year ended June 30, 1999 was \$97,594, and the contribution amount for the fiscal year ended June 30, 1999 was \$3,894.

Law Enforcement Officers Special Separation Allowance:

1. Plan Description.

Carteret County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the System. At June 30, 1999 the System's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	35
Total	<u>36</u>

The Plan does not issue a stand-alone financial report.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

2. Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the separation allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 1998 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.4% to 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$ 11,504
Interest on Net Pension Obligation	2,187
Adjustment to Annual Required Contribution	<u>(2,691)</u>
Annual Pension Cost	11,000
Employer Contributions made for fiscal year ending June 30, 1999	-
Increase in Net Pension Obligation	<u>11,000</u>
Net Pension Obligation, beginning of fiscal year	<u>30,161</u>
Net Pension Obligation, end of fiscal year	<u>\$ 41,161</u>

TREND INFORMATION

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contribution</u>	Net Pension <u>Obligation</u>
6/30/97	\$10,139	0.00%	\$19,560
6/30/98	\$10,601	0.00%	\$30,161
6/30/99	\$11,000	0.00%	\$41,161

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Liability (AAL)- Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/94	\$ -	\$ 50,744	\$ 50,744	0.00%	\$ 636,565	7.97%
12/31/95	-	52,650	52,650	0.00%	718,677	7.33%
12/31/96	-	56,427	56,427	0.00%	699,373	8.07%
12/31/97	-	60,852	60,852	0.00%	747,833	8.14%
12/31/98	-	74,977	74,977	0.00%	831,875	9.01%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

Valuation date	12/31/98
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4% to 8.5%
Includes inflation at	3.75%
Cost-of-living adjustments	None

Supplemental Retirement Income Plan for Law Enforcement Officers:

Plan Description. The County and ABC Board contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County and ABC Board to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions from the county for the year ended June 30, 1999 were \$59,141, which consisted of \$47,006 from the County and \$12,135 from law enforcement officers. Contributions from the ABC Board for June 30, 1999 consisted of \$1,329 from the Board and zero from the law enforcement officers.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

Supplemental Retirement Income Plan for General Employees:

Plan Description. Carteret County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The County has voluntarily elected to contribute each month an amount equal to two percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 1999 were \$313,001, which consisted of \$147,327 from the County and \$165,674 from the employees.

Registers of Deeds' Supplemental Pension Fund:

Plan Description. Carteret County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 4.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the state Treasurer in administering the Fund. For the fiscal year ended June 30, 1999, the County's required and actual contributions were \$17,711.

Note 11. Post-Employment Health Care Benefits

Employees have the option to continue group coverage at their expense for a maximum of 18 months after employment if terminated or hours worked are reduced causing an employee to be ineligible for coverage. Covered dependents have the option to continue group coverage for a maximum of 36 months if their coverage is terminated due to employee's death, divorce or legal separation, employee's entitlement to Medicare or a dependent child ceases to be a dependent under the terms of the group's coverage.

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State administered, cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to beneficiaries of those employees: 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employees' death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Health Care Benefits (Continued)

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the death benefit plan and not by the County, the County does not determine the number of eligible participants. For the year ended June 30, 1999 the County made contributions to the State for death benefits of \$9,444. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

Note 12. Additional Social Welfare Expenditures

The benefit payments listed below were issued directly from the state to recipients of the County on its behalf. These amounts represent additional Federal and State financial assistance to the residents of the County but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

	Federal	State
Food Stamps	\$ 1,873,047	\$ -
Medicaid	20,022,783	9,688,847
TANF and Work First	758,585	663,793
WIC	620,432	-
Special Assistance	-	312,195
Other	39,617	-
	<u>\$ 23,314,464</u>	<u>\$ 10,664,835</u>

Note 13. Joint Ventures

The County, in conjunction with Craven County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Carteret County appoints two members of the seven-member board. The Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Authority during the fiscal year ended June 30, 1999. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 1999. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC 28523.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 13. Joint Ventures (Continued)

The County, in conjunction with Jones, Pamlico and Craven Counties, participates in a joint venture to operate Neuse Center for Mental Health, Developmental Disabilities, and Substance Abuse Services. One commissioner from each County serves on the board of twenty members. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' funding in conjunction with funding from the State of North Carolina. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 1999. The County appropriated \$191,580 to the Center during the fiscal year ended June 30, 1999 which included money received from the ABC Board designated for alcohol education. Complete financial statements for the Center can be obtained from the Center's administrative offices at 405 Middle Street, New Bern, NC 28560.

The County, in conjunction with the State of North Carolina and the Carteret County Board of Education, participates in a joint venture to operate Carteret Community College. The County appoints four members of the twelve-member board of trustees of the community college. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,107,344 to the Community College during the fiscal year ended June 30, 1999. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 1999. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 3505 Arendell Street, Morehead City, NC 28557.

Note 14. Jointly Governed Organizations

Regional Library:

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 1999. During the year ended June 30, 1999, the County appropriated \$444,027 to the library in Carteret County.

Global TransPark Development Commission:

The Global TransPark Development Commission is a corporate body created on November 29, 1993. Its purpose is to allow the 13 participating counties, including Carteret County, which have the potential to derive direct economic benefits from the North Carolina Global TransPark, to create a special economic development district, known as the Global TransPark Development Zone. The Commission's primary responsibility is to promote and encourage economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the Global TransPark Development Zone.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 14. Jointly Governed Organizations (Continued)

The Commission is governed by 42 voting members, consisting of three members from Carteret County and each of the 12 other participating counties, and three members appointed by the Global TransPark Authority. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties.

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 1999, the portion of the trust available to be loaned exclusively to Carteret County was \$1,705,420.

Note 15. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 1999, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays and to retire public school indebtedness.

Note 16. School Facilities Finance Act of 1987

The General Assembly passed the School Facilities Finance Act of 1987 (Act) to assist county governments in meeting their public school facility capital needs. The Act created two new State-funded programs for the construction and renewal of school facilities: the Public School Building Capital Fund administered by the Office of State Budget and Management and the Critical School Facilities Needs Fund administered by the State Board of Education.

Public School Building Capital Fund:

This program is funded using a portion of the corporate income taxes of 7.75%, which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue makes quarterly deposits into the fund of a specified percentage of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund.

The corporate income taxes deposited into the fund are allocated to Carteret County on the basis of its average daily membership (ADM) as determined by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 1999, the County has \$614,566 in its ADM allocation account. The County must match this balance on the basis of \$1 for every \$3 of State funds for financing the school units facilities needs. Technology plan needs do not require a county match.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 16. School Facilities Finance Act of 1987 (Continued)

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 1999, the County did not have any funds in its disbursing account.

Funds in the allocation and disbursing accounts are considered State monies until the County issues warrants to disburse them. At that time, they are recognized in the General Fund as intergovernmental revenue.

Critical School Facilities Needs Fund:

This program is funded by the net collections of State income taxes imposed on corporations and received by the Department of Revenue. Each quarter, the Department of Revenue deposits \$2.5 million into the fund.

Grants are awarded by the Commission on School Facility Needs based on the County's critical needs. A joint application must be made by the Carteret County Board of Commissioners and the Carteret County Board of Education. At June 30, 1999, the Boards had not submitted a grant application to the Office of State Budget and Management.

Note 17. Public School Building Bond Act of 1996

The General Assembly passed the Public School Building Bond Act of 1996 to provide for the issuance of \$1.8 billion in State bonds to be used for making grants to counties for qualified public school capital outlay projects. The Department of Public Instruction is responsible for project approval and the distribution of funds. The principal amounts of bonds or notes issued by the State in any twelve month period may not exceed \$450 million.

Of the total \$1.8 billion authorized, \$30 million will be allocated as grants to counties that have small county school systems, after considering whether the counties demonstrate both greater than average school construction needs and high property tax rates. The primary allocation of \$1.77 billion will be distributed to all counties based on the average daily membership, the ability to pay, and the growth rate of the school administrative units located within each county.

The distribution of the primary allocation is subject to the satisfaction of certain match requirements by the counties. Match requirements may be satisfied by non-State expenditures for public school facilities made on or after January 1, 1992. Carteret County's matching requirement of \$.50 for each dollar of allocated bond proceeds has been fulfilled.

Because the County has met its matching requirement, the County recognized revenues equal to the liabilities incurred for approved project expenditures. Carteret County requests bond funds by project to be transferred to an account established by Carteret County Board of Education for payment of invoices. To date, the County has expended \$6,319,845 of their total allocation of \$6,919,845.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 18. Commitments and Contingencies

Litigation:

The County is named defendant in several lawsuits, related to carrying out its functions. Based upon its consultations with the County's attorneys, the County believes its ultimate liability, if any, will not be significant.

Federal and State Assisted Programs:

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. County administrators believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Note 19. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 1999 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	FEMA Hazardous Mitigation	\$ 10,500
General Fund	Industrial Park	104,258
		<u>\$ 114,758</u>

Due to/from primary government and component units:

Receivable entity	Payable entity	Amount
Primary government:	Component unit:	
General Fund	Beaufort-Morehead City Airport Authority	<u>\$ 105,128</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 20. Interfund Assets/Liabilities and Transfers

Interfund transfers during the year ended June 30, 1999, can be summarized as follows:

Primary Government:

From General Fund to:

Revaluation Fund	\$ 100,000
County Capital Reserve Fund	425,000
Rescue Squad Fund	15,000
Fire District Fund	23,000
School Projects Fund	1,225,316
	<u>1,788,316</u>

From Occupancy Room Tax Fund to:

General Fund	<u>341,536</u>
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From School Projects Reserve Fund to:

General Fund	<u>2,890,508</u>
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From E-911 Fund to:

General Fund	<u>25,000</u>
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From County Capital Reserve Fund to:

Industrial Park Fund	<u>26,052</u>
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From County Capital Improvement Fund to:

General Fund	<u>48,000</u>
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From School Project Reserve Fund to:

General Fund	<u>2,334,280</u>
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Totals - Primary Government	<u><u>\$ 7,453,692</u></u>
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Component Units

Operating Transfers In:

From General Fund to:

Beaufort-Morehead City Airport Authority	\$ 52,041
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From Occupancy Room Tax Fund to:

Carteret County Tourism Development Bureau	<u>943,058</u>
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	<u><u>\$ 995,099</u></u>
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Operating Transfers In:

From ABC Board to:

General Fund	<u><u>\$ 142,165</u></u>
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CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 21. Pending GASB Statements

At June 30, 1999, the Governmental Accounting Standards Board (GASB) had issued two statements not yet implemented by Carteret County. The statements which might impact Carteret County are as follows:

No. 33, "Accounting and Financial reporting for Nonexchange Transactions", issued December, 1998, will be effective for the fiscal year ending June 30, 2000. Statement No. 33 imposes new standard for the timing of the recognition of revenue in certain nonexchange transactions. Nonexchange transaction types affected are; derived tax revenues such as sales tax, imposed non exchange revenues such as property taxes, government-mandated nonexchange transactions such as federal- or state-mandated programs and voluntary nonexchange transactions such as certain grants or private contributions. Management of Carteret County continues to study the statement provisions, and has not yet determined what effect, if any, Statement No. 33 will have on financial condition or the recognition and presentation of nonexchange transactions.

No. 34, "Basic Financial Statements-and Management Discussion and Analysis- For State and Local Governments", issued June, 1999, will be effective for Cartèret County, based on its revenues, for the fiscal year ending June 30, 2003. Statement No.34, summarized below, imposes new standards for financial reporting. Management has not yet completed their assessment of this comprehensive statement, however, it will have a material effect on the overall financial statement presentation for Carteret County.

The new financial statement guidelines embodied in Statement 34 are in the culmination of many years of study and deliberation by the GASB.

For the first time, financial managers will be required to share their insights in a management's discussion and analysis (MD & A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will be presented under a dual perspective-a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government-wide financial statements prepared using *full accrual* accounting for *all of the government's activities*, not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide *statement of net assets* and will report depreciation expense, the cost of using up capital assets, in the statement of activities. Infrastructure assets will be reported, but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three catagories: *invested in capital assets, net of related debt; restricted;* and *unrestricted*. A *statement of activities* will be presented in at least the same level of detail provided in the governmental fund statements-generally, expenses and program revenues by function. Program expenses will include all direct expenses; governments that allocate overhead and other indirect expenses to individual programs will show the allocation in a separate column. *Special and extraordinary* items will be reported separately from other revenues and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balanced.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 21. Pending GASB Statements

Statement 34 requires governments to continue to present fund level financial statements with information about funds. The focus of these fund-based statements has been sharpened, however, by requiring governments to report information about their most important or major funds (those whose revenues, expenditures/expenses, assets or liabilities are at least ten (10%) percent of the total for their fund category or type (governmental or enterprise) and at least five (5%) percent of the aggregate amount for all governmental and enterprise funds), including a government's general fund. Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of *current financial resources* (generally, cash and other assets that can easily be converted to cash).

To help users understand and assess the relationship between fund-based and government wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

Governments will continue to provide budgetary comparison information in their annual reports as required supplementary information. An important change, however, is a requirement to add the government's *original budget* to the current comparison to final budget and actual results.

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REQUIRED SUPPLEMENTARY INFORMATION

CARTERET COUNTY, NORTH CAROLINA

YEAR 2000 ISSUE

For the County

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's future operations. Because many software programs eliminate the first two digits from a year reference in most application, the data processing system may not be able to distinguish between the year 2000 and the year 1900 which may cause the programs to process data incorrectly or stop processing data altogether. There are other possible complications as well.

The following stages have been identified as necessary to implement a Year 2000 compliant system:

Awareness Stage - Encompasses establishing a budget and project plan for dealing with the Year 2000 issue.

Assessment Stage - When the government actually begins the process of identifying all of its mission critical systems and individual components of those systems.

Remediation State - When a government makes changes to systems and equipment.

Validation/Testing Stage - When the government validates and tests the changes made during the conversion/remediation process.

In September 1998, Carteret County began the process to identify and convert its mission critical computer systems to be Year 2000 compliant. Carteret County's plan includes a risk assessment process which requires identification and conversion of those systems determined to be crucial for the uninterrupted provision of services to the residents of the County. The County plans to have all mission critical system conversions completed through the validation/testing stage by November 1999. Following is a summary of the stages of work in process or completed as of June 30, 1999 to make computer systems and other electronic equipment critical to conducting operation Year 2000 compliant:

Mission critical systems completed through the assessment stage and currently in the remediation stage:

- Finance and Tax Software
- Outdated Computer Hardware

Mission critical systems completed through the remediation stage and currently in the validation/testing stage:

- Sheriff Department Software

As of June 30, 1999 \$25,000 has been expended and a commitment of \$680,000 remains to make computer systems and other electronic equipment Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully known until the year 2000 and thereafter. Management cannot assure that the County is or will be Year 2000 ready, that the County's remediation efforts will be successful in whole or in part, or that parties with whom the County does business will be Year 2000 compliant.

For the Airport Authority

In May 1999, the Beaufort-Morehead City Airport Authority began converting its mission critical systems to be year 2000 compliant. At June 30, 1999, approximately 25% of the Beaufort-Morehead City Airport Authority's mission critical systems have completed the validation/testing state, with all mission critical systems expected to be completed by November 15, 1999. The conversion plan included a risk assessment process, identifying those systems determined to be crucial for the uninterrupted provision of services of patrons of the Airport. Some of these mission critical systems include the general ledger accounting systems and the Airport's localizer. The total cost of the project is estimated to be \$3,800 and is being funded through operating cash flows. The Airport is recording expenditures for all costs associated with these system changes. As of June 30, 1999, \$200 has been expended. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Airport is or will be Year 2000 ready, that the Airport's remediation efforts will be successful in whole or in part, or that parties with whom the Airport does business will be year 2000 ready.

For the Tourism Development Bureau

In January, 1999, the Carteret County Tourism Development Bureau began converting the mission critical computer systems to be year 2000 compliant. At June 30, 1999, approximately 100% of the Carteret County Tourism Development Bureau's mission critical systems have completed the validation/testing state, with all mission critical systems completed. The conversion plan included a risk assessment process, identifying those systems determined to be crucial for the uninterrupted provision of services of patrons of the Bureau. Some of these mission critical systems include the general ledger accounting systems and the Bureau's word processing software. The total cost of the project is estimated to be \$5,000 and is being funded through operating cash flows. The Bureau is recording expenditures for all costs associated with these system changes. As of June 30, 1999, \$4,797 has been expended. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Bureau is or will be Year 2000 ready, that the Bureau's remediation efforts will be successful in whole or in part, or that parties with whom the Bureau does business will be year 2000 ready.

For the Alcoholic Beverage Control Board

In the fiscal year ended June 30, 1999, the Carteret County ABC Board began converting its mission critical computer systems to be year 200 compliant. By August, 1999, all of the Board's mission critical systems will have been converted or updated to be year 2000 compliant and have completed the validation testing stage. Some of these mission critical systems include the point of sale equipment nad software and the inventory system. The total cost of the project is approximately \$9,000. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Board is or will be Year 2000 ready, that the Board's remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.

For the Carteret General Hospital

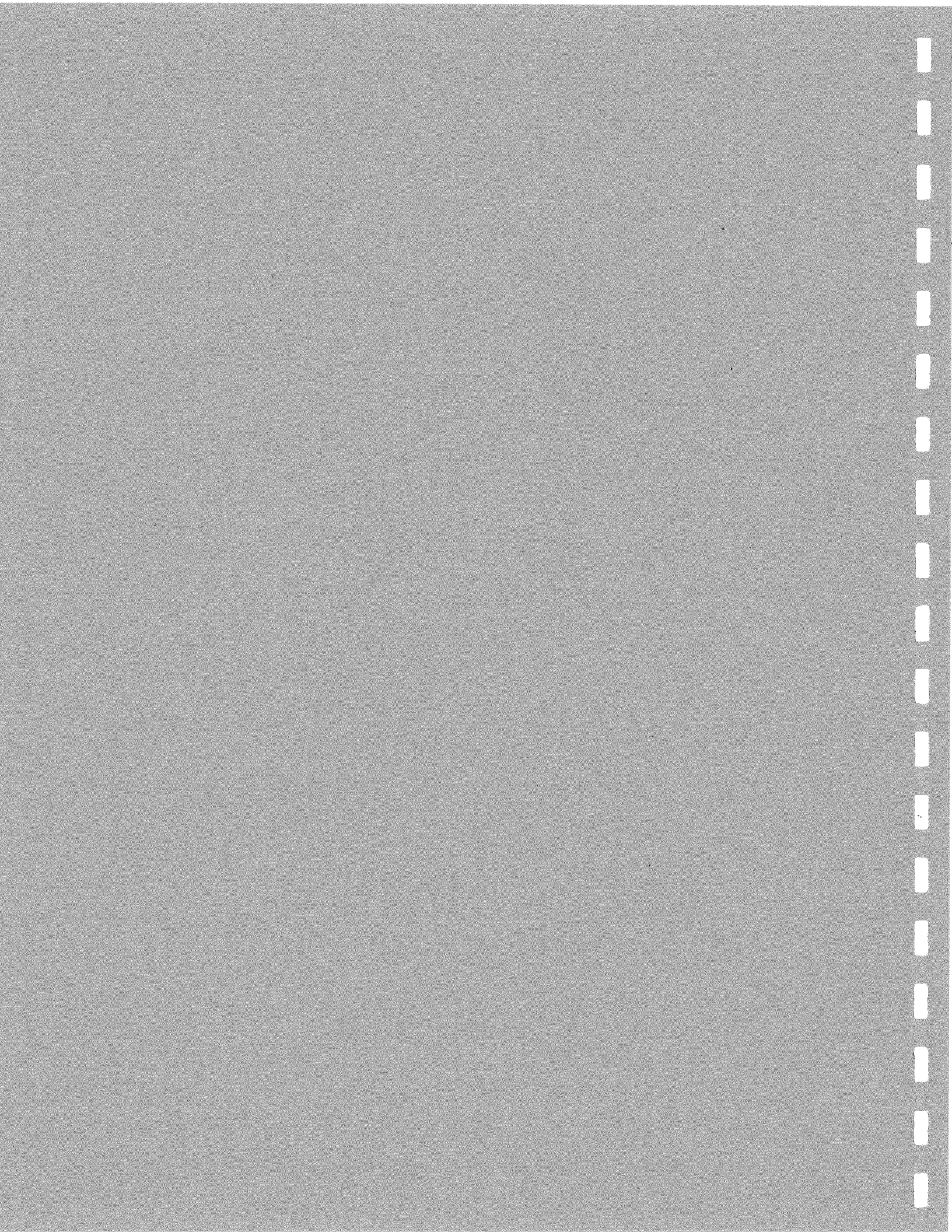
In December 1997, Carteret General Hospital began converting or replacing its mission critical systems to be year 2000 compliant. At September 1999, approximately 95% of the Hospitals mission systems have been completed. We set as our highest priority, patient care equipment, process and support. A second priority has been established for business and operational equipment, processes and support. Our third priority is convenience related equipment and software. The total cost of the project is approximately \$850,500. Carteret General Hospital is working hard to avoid significant service disruptions, and is taking an aggressive approach to resolving year 2000 issues. It is important to note, however, that that our organizations ability to avoid these disruptions is dependent on the performance of third parties (such as water and sewer providers, electrical utilities, fuel suppliers, waste disposal companies, emergency medical transportation's providers, communications companies, etc.) Carteret General Hospital is working to establish the necessary communication and coordination with these entities, with the goal being to assist in their Year 2000 efforts and to jointly prepare for Year 2000 related contingencies. Because of the unprecedented nature of the Year 2000 issue, it effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Hospital is or will be Year 2000 ready, that the Hospital's remediation efforts will be successful in whole or in part, or that the parties with whom the Hospital does business will be year 2000 ready.

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OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund accounts for all services provided by Carteret County, except for those activities which require specialized treatment and are thus presented elsewhere in the Report.



**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 1 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes:			
Current period	\$ 17,889,500	\$ 18,091,070	\$ 201,570
Prior years	361,000	578,500	217,500
Interest and penalties	250,000	215,035	(34,965)
	<u>18,500,500</u>	<u>18,884,605</u>	<u>384,105</u>
Other taxes and licenses:			
Intangible taxes	700,000	698,708	(1,292)
ABC local bottle tax	16,000	27,869	11,869
Local option sales tax	9,050,000	9,108,492	58,492
Scrap tire disposal tax	50,000	52,937	2,937
Food stamp tax	31,600	31,177	(423)
	<u>9,847,600</u>	<u>9,919,183</u>	<u>71,583</u>
Permits and fees:			
Building permits and inspections fees	336,000	289,371	(46,629)
Sheriff fees	13,000	26,730	13,730
Register of deeds	750,000	756,686	6,686
Privilege licenses	10,000	13,180	3,180
Franchise fees	100,000	183,831	83,831
Other fees	90,716	61,266	(29,450)
	<u>1,299,716</u>	<u>1,331,064</u>	<u>31,348</u>
Intergovernmental:			
Restricted:			
Federal and State grants	7,575,281	6,171,342	(1,403,939)
Court facilities fees	150,000	196,429	46,429
Unrestricted:			
Payments in lieu of taxes	5,000	8,242	3,242
Inventory tax reimbursements	420,000	424,803	4,803
Beer and wine tax	140,000	144,963	4,963
Sales and gas tax refunds	22,000	19,788	(2,212)
Reimbursement for homestead exemption	33,000	43,607	10,607
Croatan National Forest	29,000	48,193	19,193
	<u>8,374,281</u>	<u>7,057,367</u>	<u>(1,316,914)</u>
Sales and services:			
Mapping	4,540	2,834	(1,706)
Solid waste	700,000	718,658	18,658
Civic center fees	100,000	110,633	10,633
Other	182,664	174,585	(8,079)
	<u>987,204</u>	<u>1,006,710</u>	<u>19,506</u>
Interest			
	<u>750,000</u>	<u>756,309</u>	<u>6,309</u>
Miscellaneous:			
Proceeds from sale of fixed assets	20,000	20,259	259
Other	211,127	213,848	2,721
	<u>231,127</u>	<u>234,107</u>	<u>2,980</u>
Total revenue	<u>39,990,428</u>	<u>39,189,345</u>	<u>(801,083)</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 2 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
General government:			
Governing body:			
Salaries and employee benefits	\$ 38,602	\$ 35,526	\$ 3,076
Operating expenses	125,491	117,116	8,375
Professional services	77,835	77,835	-
	<u>241,928</u>	<u>230,477</u>	<u>11,451</u>
Administration:			
Salaries and employee benefits	178,584	146,182	32,402
Operating expenses	25,540	23,222	2,318
Contract services	3,000	1,704	1,296
Capital outlay	2,500	586	1,914
	<u>209,624</u>	<u>171,694</u>	<u>37,930</u>
Information systems:			
Salaries and employee benefits	32,564	31,682	882
Operating expenses	10,800	16,730	(5,930)
Capital outlay	718,350	31,070	687,280
	<u>761,714</u>	<u>79,482</u>	<u>682,232</u>
Finance:			
Salaries and employee benefits	243,418	230,020	13,398
Operating expenses	44,700	42,113	2,587
Capital outlay	10,692	10,420	272
	<u>298,810</u>	<u>282,553</u>	<u>16,257</u>
Taxes:			
Salaries and employee benefits	631,608	607,186	24,422
Operating expenses	187,743	189,018	(1,275)
Contract services	58,334	50,397	7,937
Capital outlay	8,200	6,664	1,536
	<u>885,885</u>	<u>853,265</u>	<u>32,620</u>
Legal:			
Professional services	54,600	14,535	40,065
Court facilities:			
Operating expenses	24,100	24,064	36
Elections:			
Salaries and employee benefits	95,535	88,368	7,167
Operating expenses	100,084	87,019	13,065
Capital outlay	41,094	39,347	1,747
	<u>236,713</u>	<u>214,734</u>	<u>21,979</u>
Register of deeds:			
Salaries and employee benefits	193,054	194,368	(1,314)
Operating expenses	153,149	127,480	25,669
Capital outlay	15,789	15,110	679
	<u>361,992</u>	<u>336,958</u>	<u>25,034</u>
Public buildings:			
Salaries and employee benefits	205,044	195,218	9,826
Operating expenses	367,625	366,200	1,425
Capital outlay	124,500	71,934	52,566
	<u>697,169</u>	<u>633,352</u>	<u>63,817</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 3 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Contingency	\$ 222,683	\$ -	\$ 222,683
Total general government	3,995,218	2,841,114	1,154,104
Public safety:			
Sheriff:			
Salaries and employee benefits	1,394,016	1,357,592	36,424
Operating expenses	440,911	436,241	4,670
Capital outlay	45,270	46,387	(1,117)
	<u>1,880,197</u>	<u>1,840,220</u>	<u>39,977</u>
Communications:			
Salaries and employee benefits	262,841	267,084	(4,243)
Operating expenses	59,850	55,406	4,444
Capital outlay	32,846	30,594	2,252
	<u>355,537</u>	<u>353,084</u>	<u>2,453</u>
Sheriff - Jail division:			
Salaries and employee benefits	816,511	799,207	17,304
Operating expenses	326,715	328,483	(1,768)
Contract services	186,000	188,018	(2,018)
	<u>1,329,226</u>	<u>1,315,708</u>	<u>13,518</u>
Sheriff - Teen court			
Salaries and employee benefits	38,800	14,951	23,849
Operating expenses	4,600	3,483	1,117
Capital outlay	2,990	2,300	690
	<u>46,390</u>	<u>20,734</u>	<u>25,656</u>
Emergency medical service:			
Salaries and employee benefits	43,692	43,561	131
Operating expenses	10,500	9,461	1,039
Contract services	12,000	12,000	-
Capital outlay	1,250	1,250	-
	<u>67,442</u>	<u>66,272</u>	<u>1,170</u>
Emergency management:			
Salaries and employee benefits	26,226	22,151	4,075
Operating expenses	7,896	4,945	2,951
Contract services	3,100	3,056	44
Capital Outlay	19,920	19,920	-
	<u>57,142</u>	<u>50,072</u>	<u>7,070</u>
Rape crisis program:			
Salaries and employee benefits	77,595	74,449	3,146
Operating expenses	26,522	23,634	2,888
Contracted services	19,448	17,796	1,652
Capital outlay	21,462	17,490	3,972
	<u>145,027</u>	<u>133,369</u>	<u>11,658</u>
Criminal Justice Partner:			
Salaries and employee benefits	66,731	65,678	1,053
Operating expenses	42,619	20,779	21,840
Capital outlay	417,716	1,129	416,587
	<u>527,066</u>	<u>87,586</u>	<u>439,480</u>
Domestic violence program:			
Operating expenses	119,477	119,477	-

Continued

CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 1999

(Page 4 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Fire:			
Salaries and employee benefits	\$ 45,886	\$ 44,164	\$ 1,722
Operating expenses	8,762	6,625	2,137
	<u>54,648</u>	<u>50,789</u>	<u>3,859</u>
Central permit:			
Salaries and employee benefits	292,470	290,405	2,065
Operating expenses	44,122	45,144	(1,022)
Capital outlay	56,524	56,617	(93)
	<u>393,116</u>	<u>392,166</u>	<u>950</u>
Medical examiner:			
Professional services	21,400	21,000	400
	<u>21,400</u>	<u>21,000</u>	<u>400</u>
Total public safety	4,996,668	4,450,477	546,191
Transportation:			
Harbors:			
Operating expenses	16,900	10,761	6,139
CCATS:			
Salaries and employee benefits	17,397	-	17,397
Operating expenses	-	5	(5)
	<u>17,397</u>	<u>5</u>	<u>17,392</u>
General transportation:			
Salaries and employee benefits	14,043	13,716	327
Operating expenses	46,592	37,330	9,262
Contracted services	-	2,581	(2,581)
	<u>60,635</u>	<u>53,627</u>	<u>7,008</u>
Medical transportation:			
Salaries and employee benefits	1,044	971	73
Operating expenses	600	601	(1)
Contracted services	150	150	-
	<u>1,794</u>	<u>1,722</u>	<u>72</u>
Total transportation	96,726	66,115	30,611
Environmental protection:			
Forest fire control	94,439	93,772	667
	<u>94,439</u>	<u>93,772</u>	<u>667</u>
Landfill closure	15,000	14,268	732
	<u>15,000</u>	<u>14,268</u>	<u>732</u>
Tri-County solid waste:			
Contract services	2,333,973	2,372,703	(38,730)
	<u>2,333,973</u>	<u>2,372,703</u>	<u>(38,730)</u>
Soil conservation:			
Salaries and employee benefits	51,580	51,310	270
Operating expenses	12,626	11,781	845
	<u>64,206</u>	<u>63,091</u>	<u>1,115</u>
Environmental Health:			
Salaries and employee benefits	596,630	584,343	12,287
Operating expenses	92,612	97,031	(4,419)
Capital outlay	1,500	1,428	72
	<u>690,742</u>	<u>682,802</u>	<u>7,940</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 5 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Public works:			
Salaries and employee benefits	\$ 319,620	\$ 312,999	\$ 6,621
Operating expenses	175,050	134,696	40,354
Professional services	2,800	2,152	648
Contracted services	76,880	71,276	5,604
Capital outlay	69,900	60,375	9,525
	<u>644,250</u>	<u>581,498</u>	<u>62,752</u>
Total environmental protection	<u>3,842,610</u>	<u>3,808,134</u>	<u>34,476</u>
Economic and physical development:			
Special appropriations:			
Economic Development Council	155,000	155,000	-
Port committee	1,500	1,500	-
Business development EDC	90,000	90,000	-
Mainstreet program	10,000	10,000	-
	<u>256,500</u>	<u>256,500</u>	<u>-</u>
Planning and zoning:			
Salaries and employee benefits	151,564	138,384	13,180
Operating expenses	18,043	18,300	(257)
	<u>169,607</u>	<u>156,684</u>	<u>12,923</u>
Engineering:			
Salaries and employee benefits	79,473	77,489	1,984
Operating expenses	11,255	4,448	6,807
Capital outlay	2,150	1,130	1,020
	<u>92,878</u>	<u>83,067</u>	<u>9,811</u>
Agricultural extension:			
Salaries and employee benefits	173,531	144,793	28,738
Operating expenses	38,000	27,285	10,715
Capital outlay	4,700	5,189	(489)
	<u>216,231</u>	<u>177,267</u>	<u>38,964</u>
Total economic and physical development	<u>735,216</u>	<u>673,518</u>	<u>61,698</u>
Human services:			
State breast feeding grant:			
Salaries and fringe benefits	16,485	9,383	7,102
Operating supplies	9,830	2,727	7,103
	<u>26,315</u>	<u>12,110</u>	<u>14,205</u>
State smart start grant:			
Salaries and fringe benefits	30,000	14,121	15,879
Operating supplies	9,950	3,819	6,131
	<u>39,950</u>	<u>17,940</u>	<u>22,010</u>
Health center:			
Salaries and employee benefits	595,618	562,590	33,028
Operating expenses	141,918	139,128	2,790
Capital outlay	14,912	14,921	(9)
	<u>752,448</u>	<u>716,639</u>	<u>35,809</u>
Health promotion:			
Salaries and employee benefits	15,344	15,210	134
Operating expenses	6,934	6,267	667
	<u>22,278</u>	<u>21,477</u>	<u>801</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 6 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Clinical services, cancer, glaucoma, diabetes:			
Salaries and employee benefits	\$ 43,037	\$ 42,424	\$ 613
Operating expenses	14,530	13,633	897
	<u>57,567</u>	<u>56,057</u>	<u>1,510</u>
Tuberculosis control program:			
Salaries and employee benefits	14,252	13,906	346
Operating expenses	625	335	290
	<u>14,877</u>	<u>14,241</u>	<u>636</u>
Aids Control:			
Salaries and employee benefits	17,381	17,664	(283)
Operating expenses	580	246	334
	<u>17,961</u>	<u>17,910</u>	<u>51</u>
Health assurance:			
Hypertension:			
Salaries and employee benefits	36,056	35,911	145
Kidney:			
Salaries and employee benefits	8,411	7,605	806
Operating expenses	3,200	3,484	(284)
	<u>11,611</u>	<u>11,089</u>	<u>522</u>
Women, infants, and children:			
Administration:			
Salaries and employee benefits	127,164	123,884	3,280
Operating expenses	7,420	6,771	649
	<u>134,584</u>	<u>130,655</u>	<u>3,929</u>
Nutrition:			
Salaries and employee benefits	29,341	28,304	1,037
Operating expenses	690	328	362
	<u>30,031</u>	<u>28,632</u>	<u>1,399</u>
Child care coordination:			
Salaries and employee benefits	159,209	151,741	7,468
Operating expenses	12,839	11,401	1,438
Contracted services	19,680	17,963	1,717
	<u>191,728</u>	<u>181,105</u>	<u>10,623</u>
Teen Pregnancy:			
Salaries and employee benefits	48,639	42,493	6,146
Operating expenses	5,354	1,995	3,359
Contracted services	400	-	400
	<u>54,393</u>	<u>44,488</u>	<u>9,905</u>
Family planning			
Salaries and employee benefits	61,402	-	61,402
Operating expenses	21,965	-	21,965
Contracted services	10,000	-	10,000
	<u>93,367</u>	<u>-</u>	<u>93,367</u>
Maternal adult and child health:			
Salaries and employee benefits	314,749	281,600	33,149
Operating expenses	34,041	28,193	5,848
Capital outlay	21,613	22,528	(915)
	<u>370,403</u>	<u>332,321</u>	<u>38,082</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 7 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Crippled children's clinic:			
Operating expenses	\$ 4,455	\$ 3,729	\$ 726
Professional services	1,700	570	1,130
Contracted services	4,854	1,294	3,560
Capital outlay	1,946	2,062	(116)
	<u>12,955</u>	<u>7,655</u>	<u>5,300</u>
Mental health:			
Mental health	653,572	533,628	119,944
Mental health, ABC	16,000	16,000	-
	<u>669,572</u>	<u>549,628</u>	<u>119,944</u>
In Home Aide:			
Salaries and employee benefits	49,583	50,313	(730)
Operating expenses	1,481	1,083	398
Contracted services	250	128	122
	<u>51,314</u>	<u>51,524</u>	<u>(210)</u>
Congregate nutrition:			
Salaries and employee benefits	14,537	12,427	2,110
Operating expenses	9,575	8,398	1,177
Contracted services	40,719	44,354	(3,635)
Capital outlay	1,709	1,709	-
	<u>66,540</u>	<u>66,888</u>	<u>(348)</u>
Home delivered meals:			
Salaries and employee benefits	12,388	8,760	3,628
Operating expenses	23,841	23,370	471
	<u>36,229</u>	<u>32,130</u>	<u>4,099</u>
Senior center outreach:			
Salaries and employee benefits	1,485	-	1,485
Operating expenses	633	739	(106)
Contract services	500	85	415
	<u>2,618</u>	<u>824</u>	<u>1,794</u>
DSS Administration:			
Salaries and employee benefits	2,731,420	2,684,358	47,062
Operating expenses	310,996	278,251	32,745
Professional services	36,000	36,856	(856)
Capital outlay	77,039	74,634	2,405
	<u>3,155,455</u>	<u>3,074,099</u>	<u>81,356</u>
General assistance:			
Boarding home	84,700	39,056	45,644
Clothing and medical expense	22,000	17,182	4,818
Miscellaneous	14,500	11,053	3,447
	<u>121,200</u>	<u>67,291</u>	<u>53,909</u>
TANF Block grant:			
TANF Block grant	102,236	76,257	25,979
Operating expenses	115,000	68,661	46,339
Capital outlay	21,277	21,277	-
	<u>238,513</u>	<u>166,195</u>	<u>72,318</u>

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 8 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
DSS special assistance	\$ 3,856,594	\$ 3,362,395	\$ 494,199
Special projects	351,848	220,939	130,909
Other human services	226,552	40,179	186,373
CBA juvenile restitution program:			
Salaries and employee benefits	28,565	27,907	658
Operating expenses	5,067	4,978	89
Professional services	8,925	8,865	60
Contracted services	3,000	3,000	-
	45,557	44,750	807
Title V grant:			
Salaries and employee benefits	54,222	47,119	7,103
Operating expenses	1,640	1,346	294
Contracted services	460	457	3
	56,322	48,922	7,400
Title III F grant:			
Salaries and employee benefits	3,363	3,360	3
Operating expenses	2,566	2,653	(87)
Contract services	1,000	841	159
	6,929	6,854	75
Veteran services:			
Salaries and employee benefits	87,166	87,622	(456)
Operating expenses	21,578	21,088	490
	108,744	108,710	34
Total human services	10,860,511	9,469,558	1,390,953
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	528,432	505,729	22,703
Operating expenses	288,290	315,058	(26,768)
Contracted services	22,232	21,516	716
Capital outlay	158,825	30,404	128,421
	997,779	872,707	125,072
Senior center:			
Salaries and employee benefits	95,276	86,908	8,368
Operating expenses	60,466	57,470	2,996
Contracted services	18,000	18,279	(279)
Capital outlay	1,300	1,300	-
	175,042	163,957	11,085
Civic center:			
Salaries and employee benefits	122,050	121,231	819
Operating expenses	90,748	89,556	1,192
Contracted services	1,700	1,683	17
Capital outlay	3,433	2,546	887
	217,931	215,016	2,915

Continued

**CARTERET COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 1999

(Page 9 of 9)

	Budget	Actual	Variance Favorable (Unfavorable)
Carteret County Library:			
Appropriations	\$ 444,027	\$ 444,027	\$ -
 Total culture and recreation	1,834,779	1,695,707	139,072
Education:			
Public schools, current expense	12,977,674	12,949,201	28,473
Public schools, capital outlay	1,585,891	1,042,910	542,981
Community college, current expense	881,260	881,260	-
Community college, capital outlay	271,811	226,084	45,727
 Total education	15,716,636	15,099,455	617,181
Debt service:			
Principal retirement	2,865,900	2,865,000	900
Interest and fees	2,300,678	2,301,549	(871)
Lease obligation payments	93,454	93,454	-
 Total debt service	5,260,032	5,260,003	29
 Total expenditures	47,338,396	43,364,081	3,974,315
Revenue under expenditures	(7,347,968)	(4,174,736)	3,173,232
OTHER FINANCING SOURCES (USES)			
Installment Purchase Proceeds	705,000	705,000	-
Operating transfer (to) from component units:			
From Carteret County ABC Board	160,000	142,165	(17,835)
Beaufort-Morehead City Airport Authority	(52,041)	(52,041)	-
Operating transfers in (out):			
From Occupancy Tax Fund	312,400	341,536	29,136
From School Project Reserve Fund	5,224,788	5,224,788	-
From E-911 Fund	25,000	25,000	-
From Capital Improvement Fund	48,000	48,000	-
To E-911 Fund	(641)	-	641
To Rescue Squad Fund	(15,000)	(15,000)	-
To Fire District Fund	(23,000)	(23,000)	-
To Revaluation Fund	(102,328)	(100,000)	2,328
To County Capital Reserve Fund	(460,000)	(425,000)	35,000
To School Special Projects Fund	(1,225,316)	(1,225,316)	-
Appropriated fund balance	2,751,106	-	(2,751,106)
 Total other financing sources (uses)	7,347,968	4,646,132	(2,701,836)
Revenue and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>471,396</u>	<u>\$ 471,396</u>
FUND BALANCE, beginning		12,906,029	
Residual equity transfers in		10,716	
FUND BALANCE, ending		<u>\$ 13,388,141</u>	

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SPECIAL REVENUE FUNDS

The Special Revenue Funds account for proceeds of revenue sources that are restricted to expenditures for specific purposes. These funds are established under the provisions of the North Carolina General Statutes. (Individual fund descriptions are on the next page.)

The following comprise the County's Special Revenue Funds:

Revaluation Fund - This fund is used to account for the government's cost to revalue the County's real property in order to adjust the taxable values to more closely align with current market.

Rescue Squad Fund - This fund is used to account for the special rescue tax assessed on rural areas of the County and subsequent disbursements of that tax to the various rescue squad districts.

Fire District Fund - This fund is used to account for the special fire tax assessed on rural areas of the County and subsequent disbursements of that tax to the various fire districts.

Emergency 911 Fund - This fund accounts for the special tax assessed to the County's taxpayers in order to provide the 911 service.

Occupancy Tax Fund - This fund is used to account for the tax collected on hotel and motel room rentals within the County that is used to help promote tourism.

FEMA Hazardous Mitigation Fund - This fund is used to account for the Disaster Relief Initiative Program Grant the County received to relocate low income families whose houses are being cleared through the Hazard Mitigation Grant Program in the North River Community.

Mansfield/North River Area Revitalization - This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing in the government's jurisdiction.

School Projects Reserve Fund - This fund is used to account for accumulation of reserves to fund the debt service and operating costs of the new County schools under construction.

North River Revitalization - Phase II Fund - This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing in Carteret County water and sewer improvements, and rehabilitation of privately owned dwellings.

Industrial Park Fund - This fund is used to account for construction at the County's industrial park location.

Community Development Block Grant - Jarrett Bay Fund - This fund is being used to account for the CDBG-Jarrett Bay the county has been awarded. This project will be a joint effort between private industry and the county to build a marine industrial park in the eastern part of Carteret County.

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**CARTERET COUNTY, NORTH CAROLINA
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET
June 30, 1999**

	Revaluation Fund	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund
ASSETS				
Cash and investments	\$ 99,022	\$ 14,853	\$ 13,566	\$ 710,775
Receivables:				
Property taxes receivable	-	38,467	82,796	-
Accounts receivable	-	80,762	169,232	16,727
Total assets	\$ 99,022	\$ 134,082	\$ 265,594	\$ 727,502
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	\$ 9,167	\$ 95,615	\$ 182,798	\$ 73,338
Due to other funds	-	-	-	-
Deferred revenue	-	38,467	82,796	-
Total liabilities	9,167	134,082	265,594	73,338
Equity (Deficit):				
Reserved by State statute	-	80,762	169,232	16,727
Unreserved:				
Designated for subsequent year's expenditures	-	-	-	106,545
Undesignated	89,855	(80,762)	(169,232)	530,892
Total equity (deficit)	89,855	-	-	654,164
Total liabilities and equity	\$ 99,022	\$ 134,082	\$ 265,594	\$ 727,502

Occupancy Tax Fund	FEMA Hazardous Mitigation Fund	Mansfield/ North River Area Revitalization Fund	School Projects Reserve Fund	North River Revitalization Phase II Fund	Industrial Park Fund	CDBG Jarrett Bay Fund	Totals
\$ 113,483	\$ -	\$ 5,266	\$ 2,156,552	\$ 45,333	\$ -	\$ 16,018	\$ 3,174,868
1,010	-	-	126,239	-	-	-	248,512
-	18,500	-	-	-	213,594	125,487	624,302
<u>\$ 114,493</u>	<u>\$ 18,500</u>	<u>\$ 5,266</u>	<u>\$ 2,282,791</u>	<u>\$ 45,333</u>	<u>\$ 213,594</u>	<u>\$ 141,505</u>	<u>4,047,682</u>
\$ 113,707	\$ 8,000	\$ 5,266	\$ -	\$ -	\$ 47,545	\$ 94,791	630,227
-	10,500	-	-	-	104,258	-	114,758
1,010	-	-	126,239	-	-	-	248,512
<u>114,717</u>	<u>18,500</u>	<u>5,266</u>	<u>126,239</u>	<u>-</u>	<u>151,803</u>	<u>94,791</u>	<u>993,497</u>
-	18,500	-	-	-	213,594	125,487	624,302
-	-	-	955,832	45,333	61,791	-	1,169,501
(224)	(18,500)	-	1,200,720	-	(213,594)	(78,773)	1,260,382
(224)	-	-	2,156,552	45,333	61,791	46,714	3,054,185
<u>\$ 114,493</u>	<u>\$ 18,500</u>	<u>\$ 5,266</u>	<u>\$ 2,282,791</u>	<u>\$ 45,333</u>	<u>\$ 213,594</u>	<u>\$ 141,505</u>	<u>4,047,682</u>

**CARTERET COUNTY, NORTH CAROLINA
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)**

For the Fiscal Year Ended June 30, 1999

	Revaluation Fund	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund	Occupancy Tax Fund
REVENUES					
Ad valorem taxes	\$ -	\$ 599,344	\$ 1,283,355	\$ -	\$ -
Other taxes and licenses	-	231,684	485,483	195,158	1,707,688
Intergovernmental	-	5,183	45,804	-	5,579
Interest	7,704	7,593	5,080	40,411	-
Total revenue	7,704	843,804	1,819,722	235,569	1,713,267
EXPENDITURES					
General Government	152,837	-	-	-	-
Public safety	-	858,804	1,842,722	391,504	-
Economic and physical development	-	-	-	-	428,663
Total expenditures	152,837	858,804	1,842,722	391,504	428,663
Revenue over (under) expenditures	(145,133)	(15,000)	(23,000)	(155,935)	1,284,604
OTHER FINANCING SOURCES (USES)					
Operating transfers out to component units	-	-	-	-	(943,058)
Operating transfers in	100,000	15,000	23,000	-	-
Operating transfers out	-	-	-	(25,000)	(341,536)
Total other financing sources (uses)	100,000	15,000	23,000	(25,000)	(1,284,594)
Revenue and other financing sources over (under) expenditures and other financing uses	(45,133)	-	-	(180,935)	10
FUND BALANCES, beginning	134,988	-	-	835,099	(234)
Residual equity transfers out	-	-	-	-	-
FUND BALANCES, (DEFICIT), ending	\$ 89,855	\$ -	\$ -	\$ 654,164	\$ (224)

Family Resource Center Fund	FEMA Hazardous Mitigation Fund	Mansfield/ North River Area Revitalization Fund	School Projects Reserve Fund	North River Revitalization Phase II Fund	Industrial Park Fund	CDBG Jarrett Bay Fund	Totals
\$ -	\$ -	\$ -	\$ 3,714,481	\$ -	\$ -	\$ -	5,597,180
-	-	-	-	-	-	-	2,620,013
-	35,750	-	1,797	8,493	271,675	773,653	1,147,934
-	-	-	179,014	-	-	-	239,802
-	35,750	-	3,895,292	8,493	271,675	773,653	9,604,929
-	-	-	-	-	-	-	152,837
-	35,750	-	-	-	-	-	3,128,780
-	-	-	-	6,628	726,418	726,939	1,888,648
-	35,750	-	-	6,628	726,418	726,939	5,170,265
-	-	-	3,895,292	1,865	(454,743)	46,714	4,434,664
-	-	-	-	-	-	-	(943,058)
-	-	-	-	-	26,052	-	164,052
-	-	-	(5,224,788)	-	-	-	(5,591,324)
-	-	-	(5,224,788)	-	26,052	-	(6,370,330)
-	-	-	(1,329,496)	1,865	(428,691)	46,714	(1,935,666)
5,431	-	-	3,486,048	43,468	490,482	-	4,995,282
(5,431)	-	-	-	-	-	-	(5,431)
\$ -	\$ -	\$ -	\$ 2,156,552	\$ 45,333	\$ 61,791	\$ 46,714	3,054,185

CARTERET COUNTY, NORTH CAROLINA
 REVALUATION FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest	\$ 2,500	\$ 7,704	\$ 5,204
EXPENDITURES			
General Government:			
Salaries and Employee Benefits	87,615	88,796	(1,181)
Operating Expenses	35,902	27,859	8,043
Capital outlay	36,200	36,182	18
Total expenditures	<u>159,717</u>	<u>152,837</u>	<u>6,880</u>
Revenue over (under) expenditures	(157,217)	(145,133)	12,084
OTHER FINANCING SOURCES			
Operating Transfer from General Fund	102,328	100,000	(2,328)
Fund Balance, Appropriated	54,889	-	(54,889)
Total Other Financing Sources	<u>157,217</u>	<u>100,000</u>	<u>(57,217)</u>
Revenue and other financing sources over expenditures	<u> -</u>	<u>(45,133)</u>	<u>(45,133)</u>
FUND BALANCE, beginning		<u>134,988</u>	
FUND BALANCE, ending		<u>\$ 89,855</u>	

**CARTERET COUNTY, NORTH CAROLINA
RESCUE SQUAD FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 655,376	\$ 599,344	\$ (56,032)
Other taxes and licenses:			
Local option sales tax	316,816	231,684	(85,132)
Payments in lieu of taxes	4,500	5,183	683
Interest	9,300	7,593	(1,707)
Total revenue	<u>985,992</u>	<u>843,804</u>	<u>(142,188)</u>
EXPENDITURES			
Public safety:			
County allocation	15,000	15,000	-
Beaufort	254,886	230,162	24,724
Broad and Gales Creek	33,492	29,726	3,766
Cape Carteret	100,328	84,023	16,305
Sea Level	104,728	104,515	213
Mitchell Village	110,000	101,871	8,129
Otway	51,942	49,047	2,895
Operating expenses	4,500	5,183	(683)
Local sales tax and inventory reimbursement	326,116	239,277	86,839
Total expenditures	<u>1,000,992</u>	<u>858,804</u>	<u>142,188</u>
OTHER FINANCING SOURCES			
Operating transfers from General Fund	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Revenue over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, beginning		<u>-</u>	
FUND BALANCE, ending		<u>\$ -</u>	

**CARTERET COUNTY, NORTH CAROLINA
FIRE DISTRICT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 1,306,986	\$ 1,283,355	\$ (23,631)
Other taxes and licenses:			
Local option sales tax	726,304	485,483	(240,821)
Payments in lieu of taxes	45,500	45,804	304
Interest	7,500	5,080	(2,420)
Total revenue	<u>2,086,290</u>	<u>1,819,722</u>	<u>(266,568)</u>
EXPENDITURES			
Public safety:			
Fire Districts:			
County allocations	23,000	23,000	-
Atlantic	21,746	21,777	(31)
Broad and Gales Creek	83,775	79,027	4,748
Mill Creek	13,376	13,255	121
Newport	106,633	106,746	(113)
Atlantic Beach	2,796	2,763	33
Mitchell Village, Crab Point	206,245	205,849	396
Davis	35,270	34,298	972
Harlowe	21,136	20,638	498
Marshallberg	52,157	50,601	1,556
Cape Carteret	145,472	144,808	664
Otway	36,777	36,112	665
Wildwood	167,133	166,804	329
Salter Path	78,672	68,503	10,169
North River	16,762	16,426	336
Beaufort	143,298	142,425	873
Stacy	11,093	10,560	533
Stella	25,273	24,785	488
Sea Level	23,442	23,101	341
Cedar Island	22,086	18,427	3,659
South River	62,382	53,799	8,583
Harkers Island	41,029	42,651	(1,622)
Operating expenses	7,500	5,080	2,420
Local sales tax and inventory reimbursements	762,237	531,287	230,950
Total expenditures	<u>2,109,290</u>	<u>1,842,722</u>	<u>266,568</u>
Other Financing Sources			
Operating transfers from General Fund	23,000	23,000	-
Revenue over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, beginning		<u>-</u>	
FUND BALANCE, ending		<u>\$ -</u>	

**CARTERET COUNTY, NORTH CAROLINA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Other taxes and licenses:			
Emergency 911 telephone assessment	\$ 199,500	\$ 195,158	\$ (4,342)
Interest	25,000	40,411	15,411
Total revenue	<u>224,500</u>	<u>235,569</u>	<u>11,069</u>
EXPENDITURES			
Public safety:			
Salaries and fringe benefits	24,763	25,041	(278)
Operating expenses	185,350	143,221	42,129
Contracted services	37,500	46,378	(8,878)
Capital outlay	201,000	176,864	24,136
Total expenditures	<u>448,613</u>	<u>391,504</u>	<u>57,109</u>
OTHER FINANCING SOURCES			
Transfers in	641	-	(641)
Transfers out	(25,000)	(25,000)	-
Fund balance appropriated	248,472	-	(248,472)
	<u>224,113</u>	<u>(25,000)</u>	<u>(249,113)</u>
Revenue and other financing sources over expenditures	<u>\$ -</u>	(180,935)	<u>\$ (180,935)</u>
FUND BALANCE, beginning		<u>835,099</u>	
FUND BALANCE, ending		<u>\$ 654,164</u>	

**CARTERET COUNTY, NORTH CAROLINA
OCCUPANCY TAX FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT),
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Other taxes and licenses:			
Occupancy taxes	\$ 1,715,918	\$ 1,703,831	\$ (12,087)
Occupancy taxes penalties and interest	2,700	3,857	1,157
Interest	5,000	5,579	579
Total revenue	<u>1,723,618</u>	<u>1,713,267</u>	<u>(10,351)</u>
EXPENDITURES			
Economic and physical development:			
Tourism:			
Morehead	120,041	119,276	765
Atlantic Beach	98,637	98,020	617
Pine Knoll Shores	33,200	32,896	304
Indian Beach	7,947	7,898	49
Emerald Isle	86,682	86,133	549
Cape Carteret	16,819	16,722	97
Beaufort	42,872	42,592	280
Newport	20,387	20,258	129
Cedar Point	2,199	2,185	14
Bogue	554	548	6
Operating expenses	5,000	1,743	3,257
Peletier	394	392	2
Total expenditures	<u>434,732</u>	<u>428,663</u>	<u>6,069</u>
Revenue over expenditures	<u>1,288,886</u>	<u>1,284,604</u>	<u>4,282</u>
OTHER FINANCING USES			
Operating transfer out to component unit	(945,183)	(943,058)	2,125
Operating transfer out to General Fund	(343,703)	(341,536)	2,167
Total other financing uses	<u>(1,288,886)</u>	<u>(1,284,594)</u>	<u>4,292</u>
Revenue over (under expenditures and other financing uses	<u>\$ -</u>	<u>10</u>	<u>\$ 10</u>
FUND BALANCE, beginning		<u>(234)</u>	
FUND BALANCE, ending		<u>\$ (224)</u>	

**CARTERET COUNTY, NORTH CAROLINA
FEMA HAZARDOUS MITIGATION FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and For the Fiscal Year Ended June 30, 1999

	Total Project Estimate	Prior Years	Actual Current Year	Total To Date
REVENUE				
Intergovernmental	\$ 98,000	-	\$ 35,750	\$ 35,750
EXPENDITURES				
Public safety::				
Contracted services	98,000	-	35,750	35,750
Revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, ending			<u>\$ -</u>	

CARTERET COUNTY, NORTH CAROLINA
MANSFIELD/NORTH RIVER AREA REVITALIZATION

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 1999

	Total	Actual		Total To Date
	Project Estimate	Prior Years	Current Year	
REVENUE				
Intergovernmental:				
Community Development Block Grant	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Other Grants	75,000	75,000	-	75,000
Contribution from Town of Morehead	122,970	111,447	-	111,447
Contribution from Carteret County				
Board of Education	80,000	79,276	-	79,276
Miscellaneous	183,772	-	-	-
Total revenue	<u>1,461,742</u>	<u>1,265,723</u>	-	<u>1,265,723</u>
EXPENDITURES				
Economic and physical development:				
Water and sewer improvements	926,632	894,974	-	894,974
Acquisition	6,000	-	-	-
Disposition	300	-	-	-
Relocation	105,000	24,408	-	24,408
Clearance	7,500	2,590	-	2,590
Administration	153,000	82,227	-	82,227
Rehabilitation	321,000	319,214	-	319,214
Total expenditures	<u>1,519,432</u>	<u>1,323,413</u>	-	<u>1,323,413</u>
Revenue over (under) expenditures	(57,690)	(57,690)	-	(57,690)
OTHER FINANCING SOURCES				
Operating transfers from General Fund	57,690	57,690	-	57,690
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, beginning			-	
FUND BALANCE, ending			<u>\$ -</u>	

**CARTERET COUNTY, NORTH CAROLINA
SCHOOL PROJECTS RESERVE FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 3,464,229	\$ 3,714,481	\$ 250,252
Intergovernmental	360,000	1,797	(358,203)
Penalties, interest and advertising costs	-	26,785	26,785
Interest on investments	30,000	152,229	122,229
Total revenue	<u>3,854,229</u>	<u>3,895,292</u>	<u>41,063</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer to General Fund	(2,890,508)	(2,890,508)	-
Operating transfer to School Projects Fund	(2,334,280)	(2,334,280)	-
Fund balance appropriated	1,370,559	-	(1,370,559)
Total other financing uses	<u>(3,854,229)</u>	<u>(5,224,788)</u>	<u>(1,370,559)</u>
Revenue over (under) other financing uses	<u>\$ -</u>	<u>(1,329,496)</u>	<u>\$ (1,329,496)</u>
FUND BALANCE, beginning		<u>3,486,048</u>	
FUND BALANCE, ending		<u>\$ 2,156,552</u>	

CARTERET COUNTY, NORTH CAROLINA
 NORTH RIVER REVITALIZATION - PHASE II FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and For the Fiscal Year Ended June 30, 1999

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
Revenue				
Intergovernmental:				
Community Development Block Grant	\$ 750,000	\$ 17,295	\$ 8,493	\$ 25,788
Expenditures				
Economic and physical development				
Capital outlay:				
Acquisition	22,500	-	-	-
Disposition	1,000	-	-	-
Clearance activities	24,700	-	-	-
Relocation assistance	251,000	-	-	-
C1 Rehab of dwellings	274,600	-	-	-
L1 Rehab of dwellings	112,500	18,195	-	18,195
Administration	113,700	5,632	6,628	12,260
Total expenditures	800,000	23,827	6,628	30,455
Revenue over (under) expenditures	(50,000)	(6,532)	1,865	(4,667)
Other Financing Sources				
Operating transfer from General Fund	50,000	50,000	-	50,000
Revenue and other financing sources over expenditures	\$ -	\$ 43,468	1,865	\$ 45,333
Fund balance, beginning			43,468	
Fund balance, ending			\$ 45,333	

**CARTERET COUNTY, NORTH CAROLINA
INDUSTRIAL PARK FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and For the Fiscal Year Ended June 30, 1999

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
Revenue				
Sales tax refund	\$ 12,000	\$ -	\$ -	\$ -
EDA grant	237,327	-	213,594	213,594
Contribution - Morehead City	64,532	-	58,081	58,081
Total revenue	<u>313,859</u>	<u>-</u>	<u>271,675</u>	<u>271,675</u>
Expenditures				
Economic and physical development				
Engineering	45,150	-	630	630
Administration	10,000	-	9,120	9,120
Surveying	5,000	-	-	-
Surveying	10,000	-	-	-
Inspection	34,500	-	-	-
Construction section I - sewer lines	186,190	-	181,622	181,622
Construction section II - pump free	244,830	-	241,486	241,486
Construction section III - water line	111,201	-	114,801	114,801
Construction section IV - streets	200,638	17,116	178,759	195,875
Total expenditures	<u>847,509</u>	<u>17,116</u>	<u>726,418</u>	<u>743,534</u>
Revenue over (under) expenditures	(533,650)	(17,116)	(454,743)	(471,859)
Other Financing Sources				
Contribution from County				
Capital Reserve	533,650	507,598	26,052	533,650
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 490,482</u>	<u>(428,691)</u>	<u>\$ 61,791</u>
Fund balance, beginning			<u>490,482</u>	
Fund balance, ending			<u>\$ 61,791</u>	

**CARTERET COUNTY, NORTH CAROLINA
JARRETT BAY CDBG FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year ended June 30, 1999

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Contribution from EDC	\$ 25,000	\$ -	\$ 25,000	\$ 25,000
Community Development Block Grant	885,750	-	539,191	539,191
Contribution from Jarrett Bay Water Taps	295,250	-	209,087	209,087
Water Taps	-	-	375	375
Total	1,206,000	-	773,653	773,653
EXPENDITURES				
Economic & Physical Development				
Capital Outlay				
E-1 Sewer Improvements	987,212	-	638,927	638,927
E-1 Water Improvements	62,711	-	73,562	73,562
Station Upgrades	104,474	-	-	-
Administration	23,500	-	14,450	14,450
Contingency	28,103	-	-	-
Total	1,206,000	-	726,939	726,939
Revenues over (under) Expenditures	\$ -	\$ -	46,714	\$ 46,714
Fund balance, beginning			-	
Fund balance, ending			\$ 46,714	

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the proceeds of bond issues and all other resources used for the purpose of constructing, reconstructing or acquiring permanent or semipermanent capital improvements. These funds are used to provide a formal mechanism to ensure that designated revenues are applied only to their intended purposes. (Individual fund descriptions are on the next page.)

The following comprise the County's Capital Project Funds:

County Capital Reserve Fund - This fund is used to account for future major capital outlays for the benefit of the County.

County Capital Improvements Fund - This fund is used to account for the construction of the County's new jail and various other construction projects.

Morehead City Elementary School Project Fund - This fund is used to account for the construction project involving the new elementary school in Morehead City.

School Projects Fund - This fund is to account for the construction of two new school within the western part of the County as well as for various other projects at existing schools.

School Special Projects Fund - This fund is used to account for pay as you go Capital Outlay needs for the County's school system.

**CARTERET COUNTY, NORTH CAROLINA
CAPITAL PROJECTS FUND**

**COMBINING BALANCE SHEET
June 30, 1999**

	County Capital Reserve Fund	County Capital Improvements Fund	Morehead City Elementary School Project Fund	School Projects Fund	School Special Projects Fund	Totals
ASSETS						
Cash and investments	\$ 978,911	\$ 3,114	\$ 35,117	\$ -	\$ 1,197,573	\$ 2,214,715
Restricted cash and investments	-	-	1,226,558	1,460,869	-	2,687,427
Total assets	\$ 978,911	3,114	\$ 1,261,675	\$ 1,460,869	\$ 1,197,573	\$ 4,902,142
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 205,923	-	\$ 205,923
Total liabilities	-	-	-	205,923	-	205,923
Fund Balances:						
Reserved for debt service	-	-	979,612	-	-	979,612
Unreserved:						
Designated for subsequent expenditures	700,320	-	-	1,254,946	1,152,207	3,107,473
Undesignated	278,591	3,114	282,063	-	45,366	609,134
Total fund balances	978,911	3,114	1,261,675	1,254,946	1,197,573	4,696,219
Total liabilities and fund balances	\$ 978,911	\$ 3,114	\$ 1,261,675	\$ 1,460,869	1,197,573	\$ 4,902,142

CARTERET COUNTY, NORTH CAROLINA
CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1999

	County Capital Reserve Fund	County Capital Improvements Fund	Morehead City Elementary School Project Fund	Senior Center Project Fund	School Projects Fund	School Special Project Fund	Totals
REVENUE							
Interest	\$ 46,729	\$ 148	\$ 66,312	\$ -	\$ 36,125	\$ 53,701	\$ 203,015
Intergovernmental	165,000	-	-	-	3,752,069	-	3,917,069
Miscellaneous proceeds from sale of fixed assets	297,300	-	-	-	-	-	297,300
Total revenue	509,029	148	66,312	-	3,788,194	53,701	4,417,384
EXPENDITURES							
Capital outlay	334,876	-	-	-	7,215,056	139,119	7,689,051
Revenue over (under) expenditures	174,153	148	66,312	-	(3,426,862)	(85,418)	(3,271,667)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	425,000	-	-	-	-	1,225,316	1,650,316
Operating transfers out	(26,052)	(48,000)	-	-	-	-	(74,052)
Total other financing sources (uses)	398,948	(48,000)	-	-	-	1,225,316	1,576,264
Revenue and other financing sources under expenditures and other financing uses	573,101	(47,852)	66,312	-	(3,426,862)	1,139,898	(1,695,403)
FUND BALANCES, beginning	405,810	50,966	1,195,363	5,285	4,681,808	57,675	6,396,907
Residual equity transfer out	-	-	-	(5,285)	-	-	(5,285)
FUND BALANCES, ending	\$ 978,911	\$ 3,114	\$ 1,261,675	\$ -	\$ 1,254,946	\$ 1,197,573	4,696,219

**CARTERET COUNTY, NORTH CAROLINA
COUNTY CAPITAL RESERVE FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Intergovernmental	\$ 154,000	\$ 165,000	\$ 11,000
Interest	35,000	46,729	11,729
Proceeds from sale of fixed assets	-	297,300	297,300
Total revenues	189,000	509,029	320,029
EXPENDITURES			
Capital outlay:			
Marshallberg Harbor	24,000	19,575	4,425
Glovers Creek	135,000	124,809	10,191
Newport River/Mill Creek	35,000	-	35,000
Marshallberg Boat Ramp	140,000	124,722	15,278
Emerald Isle Beach Access	200,000	-	200,000
Atlantic Harbor	70,000	65,770	4,230
Economic Development	339,720	-	339,720
Beach Renourishment	95,600	-	95,600
Total expenditures	1,039,320	334,876	704,444
Revenues over (under) expenditures	(850,320)	174,153	1,024,473
OTHER FINANCING SOURCES			
Operating transfer in from General Fund	460,000	425,000	(35,000)
Operating transfer to Industrial Park Fund	(26,052)	(26,052)	-
Fund balance appropriated	416,372	-	(416,372)
Total other financing sources	850,320	398,948	(451,372)
Revenue and other financing sources over expenditures	\$ -	573,101	\$ 573,101
FUND BALANCE, beginning		405,810	
FUND BALANCE, ending		\$ 978,911	

**CARTERET COUNTY, NORTH CAROLINA
COUNTY CAPITAL IMPROVEMENTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest	\$ -	\$ 148	\$ 148
Revenue over expenditures	-	148	148
OTHER FINANCING SOURCES (USES)			
Operating transfer to General Fund for debt service	(48,000)	(48,000)	-
Fund balance appropriated	48,000	-	(48,000)
Total other financing sources	-	(48,000)	(48,000)
Revenue and other financing sources over expenditures	<u>\$ -</u>	(47,852)	<u>\$ (47,852)</u>
FUND BALANCE, beginning		<u>50,966</u>	
FUND BALANCE, ending		<u>\$ 3,114</u>	

**CARTERET COUNTY, NORTH CAROLINA
 MOREHEAD CITY ELEMENTARY SCHOOL PROJECT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 1999

	Total Project Estimate	Prior Years	Actual Current Year	Total To Date
REVENUE				
Interest	\$ 240,000	\$ 630,605	\$ 66,312	\$ 696,917
EXPENDITURES				
Capital outlay:				
Morehead Elementary School construction	9,147,000	8,299,741	-	8,299,741
Debt service:				
Original issue costs	470,000	419,105	-	419,105
Total expenditures	9,617,000	8,718,846	-	8,718,846
Revenue over (under) expenditures	(9,377,000)	(8,088,241)	66,312	(8,021,929)
OTHER FINANCING SOURCES (USES)				
Operating transfers out to General Fund	(240,000)	(333,396)	-	(333,396)
Operating transfers from General Fund	617,000	617,000	-	617,000
Proceeds from Certificate of Participation bonds	9,000,000	9,000,000	-	9,000,000
Total financing sources (uses)	9,377,000	9,283,604	-	9,283,604
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,195,363	66,312	\$ 1,261,675
FUND BALANCE, beginning			1,195,363	
FUND BALANCE, ending			\$ 1,261,675	

**CARTERET COUNTY, NORTH CAROLINA
SCHOOL SPECIAL PROJECTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and For the Fiscal Year Ended June 30, 1999

	Total	Actual		
	Project Estimate	Prior Years	Current Year	Total To Date
REVENUE				
Interest	\$ 1,350,000	\$ 1,554,606	\$ 36,125	\$ 1,590,731
Intergovernmental:				
Sales tax refund	480,955	89,425	180,521	269,946
Public School Building Bond Act of 1996	6,919,845	2,748,297	3,571,548	6,319,845
	<u>8,750,800</u>	<u>4,392,328</u>	<u>3,788,194</u>	<u>8,180,522</u>
EXPENDITURES				
Capital outlay:				
Western High School	16,743,186	15,875,360	837,086	16,712,446
Western Elementary	7,098,027	6,806,990	269,868	7,076,858
Beaufort Elementary renovation	1,470,000	989,964	538,030	1,527,994
Smyrna Elementary renovation	2,293,247	2,252,949	26,862	2,279,811
White Oak Renovation	219,805	219,805	-	219,805
Technology	6,201,600	5,444,211	693,807	6,138,018
Auditorium	180,000	90,748	-	90,748
Newport Middle School	1,450,000	86,426	1,148,692	1,235,118
Athletic Facilities	900,000	103,345	635,085	738,430
Equipment Needs	3,250,484	105,660	3,065,626	3,171,286
Equipment Needs	-	40,503	-	40,503
Issuance costs	95,083	95,191	-	95,191
Total expenditures	<u>39,901,432</u>	<u>32,111,152</u>	<u>7,215,056</u>	<u>39,326,208</u>
Revenue over (under) expenditures	<u>(31,150,632)</u>	<u>(27,718,824)</u>	<u>(3,426,862)</u>	<u>(31,145,686)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from General Fund	2,450,632	2,450,632	-	2,450,632
Operating transfers from School Projects Reserve Fund	-	950,000	-	950,000
Operating transfers to School Fund	(300,000)	-	-	-
Bond proceeds	29,000,000	29,000,000	-	29,000,000
Total other financing sources	<u>31,450,632</u>	<u>32,400,632</u>	<u>-</u>	<u>32,400,632</u>
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 4,681,808</u>	<u>(3,426,862)</u>	<u>\$ 1,254,946</u>
FUND BALANCE, beginning			<u>4,681,808</u>	
FUND BALANCE, ending			<u>\$ 1,254,946</u>	

**CARTERET COUNTY, NORTH CAROLINA
SCHOOL SPECIAL PROJECTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and For the Fiscal Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest	\$ -	53,701	\$ 53,701
EXPENDITURES			
Capital outlay, Board of Education	1,225,316	139,119	1,086,197
Revenue over (under) expenditures	(1,225,316)	(85,418)	1,139,898
OTHER FINANCING SOURCES			
Operating transfer from General Fund	1,225,316	1,225,316	-
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	1,139,898	<u>\$ 1,139,898</u>
FUND BALANCE, beginning		<u>57,675</u>	
FUND BALANCE, ending		<u>\$ 1,197,573</u>	

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AGENCY FUND

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period and then distributed to authorized recipients. (Individual fund descriptions are on the next page.)

The following comprise the County's Agency Funds:

Sheriff's Department Fund - This fund is used to account for the collection and distribution of assets in conjunction with the clerk of court for judgments and claims that have been assessed.

Social Services Trust Fund - This fund is used to account for the receipt and distribution of funds received specifically for the benefit of various clients of the social services department caseworkers.

**CARTERET COUNTY, NORTH CAROLINA
ALL AGENCY FUNDS**

**COMBINING BALANCE SHEET
June 30, 1999**

	Sheriff's Department Fund	Social Services Trust Fund	Totals
ASSETS			
Cash and investments	\$ 6,417	\$ 22,491	\$ 28,908
LIABILITIES			
Accounts payable and accrued liabilities	\$ 6,417	\$ 22,491	\$ 28,908
Total liabilities	\$ 6,417	\$ 22,491	\$ 28,908

CARTERET COUNTY, NORTH CAROLINA
ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
<u>Sheriff's Department Fund:</u>				
Assets, cash and investments	\$ 5,146	\$ 124,342	\$ 123,071	\$ 6,417
Liabilities	\$ 5,146	\$ 124,342	\$ 123,071	\$ 6,417
<u>Social Services Trust Fund:</u>				
Assets, cash and investments	\$ 29,814	\$ 87,058	\$ 94,381	\$ 22,491
Liabilities	\$ 29,814	\$ 87,058	\$ 94,381	\$ 22,491
<u>Totals - All Agency Funds:</u>				
Assets, cash and investments	\$ 34,960	\$ 211,400	\$ 217,452	\$ 28,908
Liabilities:				
Accounts payable and accrued liabilities	34,960	211,400	217,452	28,908
Total liabilities	\$ 34,960	\$ 211,400	\$ 217,452	\$ 28,908

OTHER FINANCIAL INFORMATION

Other financial information includes additional detailed analysis of particular aspects of the County's financial position or results of operations.

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 1999

Fiscal Year	Uncollected Balance June 30, 1998	Additions	Collections	Adjustments	Uncollected Balance June 30, 1999
1998-1999	\$ -	\$ 24,581,059	\$ 23,576,414	\$ (143,568)	\$ 861,077
1997-1998	963,720	9,228	584,345	(3,349)	385,254
1996-1997	285,906	(1,858)	131,746	(54,283)	98,019
1995-1996	125,970	1,410	29,122	(39,507)	58,751
1994-1995	83,752	773	11,032	(36,862)	36,631
1993-1994	90,413	121	9,414	(48,108)	33,012
1992-1993	41,940	(13)	8,559	(20)	33,348
1991-1992	50,551	(8)	3,946	(128)	46,469
1990-1991	47,181	(10)	3,154	(29)	43,988
1989-1990	53,651	-	1,109	(542)	52,000
1988-1989	44,462	-	561	(43,901)	-
	<u>\$ 1,787,546</u>	<u>\$ 24,590,702</u>	<u>\$ 24,359,402</u>	<u>\$ (370,297)</u>	1,648,549
Less allowance for uncollectible taxes:					
General Fund				\$ 493,261	
Fire District Fund				44,703	
Rescue Squad Fund				20,079	
School Projects Reserve Fund				64,489	622,532
Ad valorem taxes receivable - net					<u>\$ 1,026,017</u>
Reconciliation with revenue:					
Taxes - General Fund excluding interest of \$122,383					\$ 18,762,222
Taxes - Fire District Fund					1,283,355
Taxes - Rescue Squad Fund					599,344
School Projects Reserve Fund					3,714,481
					<u>\$ 24,359,402</u>
Reconciliation of uncollected balance at June 30, 1999:					
General Fund					\$ 1,271,786
Fire District Fund					127,500
Rescue Squad Fund					58,545
School Projects Reserve Fund					190,718
					<u>1,648,549</u>
Less allowance for uncollectible taxes					<u>622,532</u>
					<u>\$ 1,026,017</u>

CARTERET COUNTY, NORTH CAROLINA

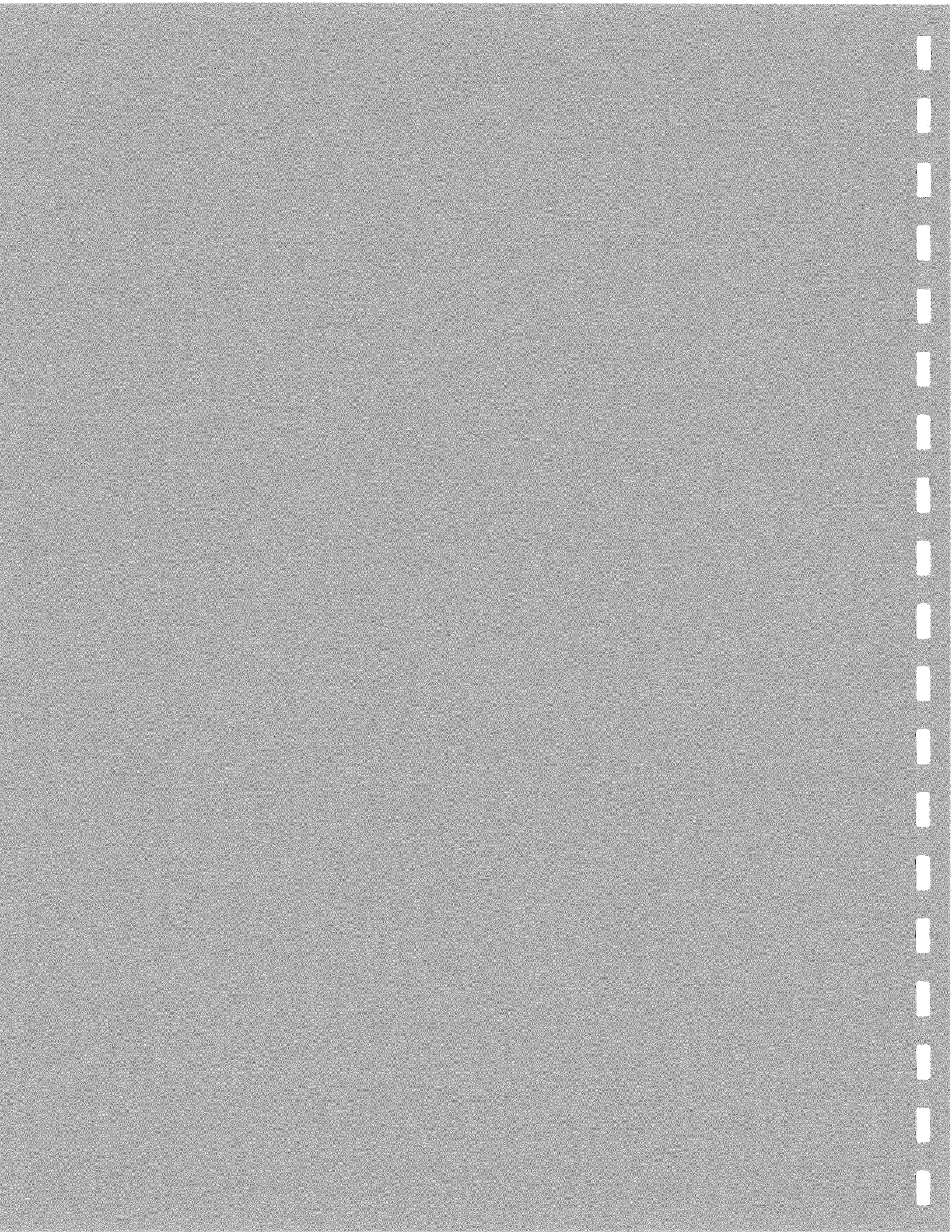
ANALYSIS OF CURRENT YEAR'S TAX LEVY
For the Fiscal Year Ended June 30, 1999

	County wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current year's rate	\$ 5,154,319,869	\$ 0.42	\$ 21,648,143	\$ 20,723,393	\$ 924,750
Fire District			1,259,518	1,259,518	-
Rescue District			594,283	594,283	-
Motor vehicles taxes at prior year's rate	125,304,179	0.42	526,278	-	526,278
Penalties			4,621	4,621	-
Total	<u>5,279,624,048</u>		<u>24,032,843</u>	<u>22,581,815</u>	<u>1,451,028</u>
Discoveries:					
Current year taxes	128,337,143	0.42	539,016	529,161	9,855
Refunds			9,200	9,200	-
Total	<u>128,337,143</u>		<u>548,216</u>	<u>538,361</u>	<u>9,855</u>
Abatements	<u>(34,182,857)</u>	0.42	<u>(143,568)</u>	<u>(108,664)</u>	<u>(34,904)</u>
Total property valuation	<u>\$ 5,373,778,334</u>				
Net levy			24,437,491	23,011,512	1,425,979
Uncollected taxes at June 30, 1999			861,077	529,703	331,374
Current year's taxes collected			<u>\$ 23,576,414</u>	<u>\$ 22,481,809</u>	<u>\$ 1,094,605</u>
Current levy collection percentage			<u>96.48%</u>	<u>97.70%</u>	<u>76.76%</u>

* The .42 rate is comprised of .35 that is recorded and utilized in the General Fund, and .07 that is recorded and utilized in the School Projects Reserve Fund.

STATISTICAL

The tables in this section provide trends, statistical and demographic information



Carteret County, North Carolina
General Governmental Expenditures by Function⁽¹⁾
Last Ten Fiscal Years

Table 1

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Economic & Physical Development	Human Services	Environmental Protection⁽²⁾	Cultural & Recreation	Education	Capital Projects	Debt Service⁽³⁾	Total Expenditures
1990	\$2,072,571	\$3,382,411	\$401,889	\$420,558	\$4,187,232	\$1,466,433	\$707,882	\$6,777,669	\$2,424,272	\$1,460,527	\$23,301,444
1991	2,631,506	3,734,973	104,299	517,226	4,867,358	1,912,255	709,011	8,992,296	1,223,206	1,982,478	26,674,608
1992	2,783,323	4,100,593	130,595	551,233	5,652,600	2,006,072	778,910	12,959,984	3,575,942	2,456,385	34,995,637
1993	1,989,707	4,743,134	407,724	1,546,697	7,548,401	1,988,961	866,821	9,398,963	7,902,715	3,262,108	39,655,231
1994	2,074,890	4,869,061	424,535	1,475,208	7,602,778	2,864,177	834,247	8,958,336	2,352,655	8,427,002	39,882,889
1995	2,233,792	5,529,875	141,991	954,126	8,378,689	3,493,264	932,054	12,033,251	1,469,115	3,431,638	38,597,795
1996	2,853,875	6,096,750	47,877	888,771	8,918,409	2,944,919	1,064,194	10,399,586	705,722	3,860,088	37,780,191
1997	2,943,541	6,448,719	12,080	866,084	8,364,160	4,158,262	1,305,786	11,294,206	213,581	4,429,954	40,036,373
1998	2,885,480	6,840,765	186,103	940,857	8,835,890	3,732,955	1,733,648	11,564,543	794	5,333,642	42,054,677
1999	2,993,951	7,543,507	66,115	1,102,181	9,469,558	3,808,134	1,695,707	15,099,455	473,995	5,260,003	47,512,606

Notes: (1) Includes Annually Budgeted Funds: General, E-911, Revaluation, School Reserve, Fire Districts, Rescue Districts, Capital Reserve, Capital Improvements, and School Special Projects Funds.

(2) 1994 increase reflects retirement of \$4,007,000 Hospital Facilities bonds issued in 1983.

(3) 1994 increase reflects landfill closure costs and contract for waste disposal.

Carteret County, North Carolina
General Governmental Revenues, By Source⁽¹⁾
Last Ten Fiscal Years

Table 2

<i>Fiscal Year Ended June 30,</i>	<i>Ad Valorem Taxes</i>	<i>Other Taxes & Licenses</i>	<i>Permits & Fees⁽²⁾</i>	<i>Inter- governmental</i>	<i>Sales & Services⁽³⁾</i>	<i>Investment Earnings</i>	<i>Miscellaneous</i>	<i>Total Revenues</i>
1990	\$12,064,120	\$5,866,061	\$608,664	\$5,914,332	\$370,974	\$609,794	\$72,856	\$25,506,801
1991	14,063,401	6,906,381	908,244	4,944,196	539,803	890,998	346,502	28,599,525
1992	14,912,522	7,618,598	1,140,050	4,624,373	814,952	800,552	220,877	30,131,924
1993	15,188,731	8,224,153	969,683	5,363,651	2,969,924	454,026	120,998	33,291,166
1994	17,185,308	8,925,058	965,442	5,497,109	2,534,065	474,241	182,169	35,763,392
1995	18,247,444	9,603,424	1,085,046	5,961,632	1,801,137	689,460	1,370,510	38,758,653
1996	20,280,173	10,083,350	1,073,019	5,910,131	1,698,697	832,806	60,618	39,938,794
1997	21,305,801	10,610,240	1,165,644	7,906,364	931,881	931,114	216,429	43,067,473
1998	23,830,199	11,866,765	1,291,897	7,676,826	943,704	1,147,860	200,659	46,957,910
1999	24,481,785	12,539,196	1,331,064	7,280,730	1,006,710	1,096,689	531,407	48,267,581

Notes:

(1) Includes Annually Budgeted Funds: General, E-911, Revaluation, School Reserve, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.

(2) Decreases reflects loss of revenues from closing the county landfill in October 1993

(3) Decreases in 1993 & 1994 reflects a reclassification of the solid waste assessment from permits & fees to sales & services

Carteret County, North Carolina
Property Tax Levies & Collections⁽¹⁾⁽²⁾
Last Ten Fiscal Years

Table 3

Fiscal Year Ended June 30,	Total Tax Levy⁽¹⁾⁽²⁾	Collections of Current Levy	Percent of Current Taxes Collected	Collections of Prior Levy	Total Property Taxes Collected	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1990	\$12,460,326	\$11,712,619	94.00%	\$351,501	\$12,064,120	96.82%	\$1,603,365	12.87%
1991	14,428,922	13,531,962	93.78%	531,439	14,063,401	97.47%	1,997,568	13.84%
1992	14,792,161	14,071,687	95.13%	840,835	14,912,522	100.81%	1,988,803	13.44%
1993	15,073,549	14,482,611	96.08%	706,120	15,188,731	100.76%	1,958,232	12.99%
1994	17,406,345	16,492,922	94.75%	692,386	17,185,308	98.73%	2,301,586	13.22%
1995	17,776,872	17,024,807	95.77%	1,216,071	18,240,878	102.61%	2,127,643	11.97%
1996	19,857,390	19,069,463	96.03%	1,203,897	20,273,360	102.09%	1,943,076	9.79%
1997	20,566,276	19,840,154	96.47%	1,544,718	21,384,872	103.98%	1,478,593	7.19%
1998	24,033,750	23,070,030	95.99%	619,904	23,689,934	99.00%	1,787,545	7.44%
1999	24,437,491	23,576,414	96.48%	782,988	24,359,402	99.68%	1,648,549	6.75%

Notes:

(1) Includes General and Special Revenue Funds

(2) Does not include reimbursement In-Lieu-Of taxes and Senior Citizens Exemptions

Carteret County, North Carolina
General Fund Balance Position at June 30
Last Ten Fiscal Years

Table 4

<u>Fiscal Year Ended June 30,</u>	<u>Reserved for State Statute</u>	<u>Reserved for Sheriff's Fund</u>	<u>Reserved for Debt Service</u>	<u>Reserved for Recreation Districts</u>	<u>Reserved for Capital Outlay</u>	<u>Reserved for Health Programs</u>	<u>Designated for Subsequent Years' Expenditures</u>	<u>Undesignated</u>	<u>Total Fund Balance</u>	<u>General Fund Expenditures</u>	<u>Undesignated Fund Balance Percentage of General Fund Expenditures</u>
1990	\$2,043,619	\$0	\$0	\$0	\$0	\$0	\$2,924,944	\$327,015	\$5,295,578	\$18,652,411	1.75%
1991	2,100,424	0	0	0	0	0	1,581,355	1,433,386	5,115,165	22,878,440	6.27%
1992	2,432,011	0	0	0	0	0	1,669,467	1,743,143	5,844,621	28,442,554	6.13%
1993	3,540,373	18,927	0	0	0	0	1,360,606	3,020,487	7,940,393	28,118,033	10.74%
1994	2,389,572	18,927	0	0	0	319,282	2,973,028	6,123,058	11,823,867	33,206,037	18.44%
1995	2,609,224	8,042	484,116	0	0	431,847	2,235,093	5,660,261	11,428,583	32,110,320	17.63%
1996	2,344,290	31,765	531,650	0	0	607,172	2,623,678	5,778,938	11,917,493	32,927,915	17.55%
1997	3,013,128	22,211	531,069	0	0	476,407	2,222,889	5,658,258	11,923,962	36,590,856	15.46%
1998	3,051,097	17,961	371,806	0	0	477,774	2,178,534	6,808,857	12,906,029	38,361,640	17.63%
1999	3,164,347	29,306	396,521	57,520	680,000	492,733	2,845,617	5,722,097	13,388,141	43,364,081	13.20%

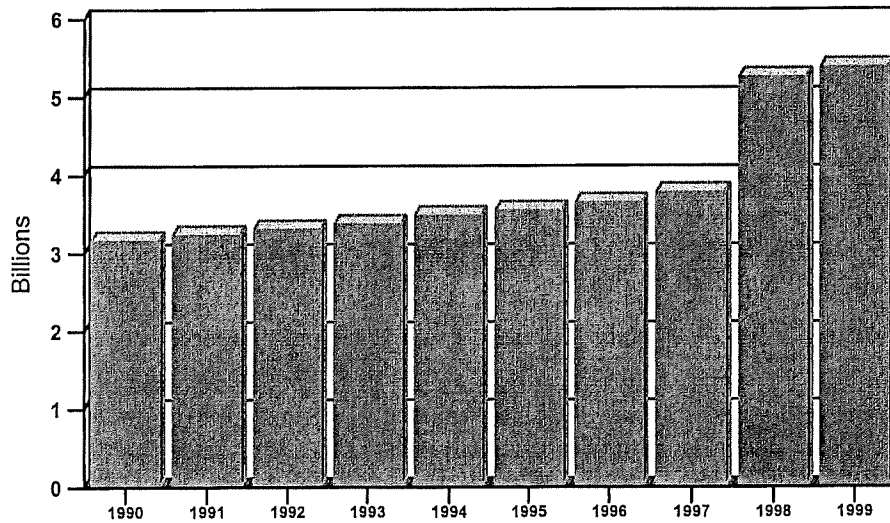
Carteret County, North Carolina
Assessed Value of Property⁽²⁾⁽³⁾
Last Ten Fiscal Years

Table 5

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>State Certified</u>	<u>Total Assessed Valuation</u>
1990 ⁽¹⁾	2,770,847,844	310,000,000	82,000,000	3,162,847,844
1991	2,813,348,157	339,986,760	85,990,963	3,239,325,880
1992	2,880,769,157	337,456,689	88,463,193	3,306,689,039
1993	3,100,220,475	194,379,132	79,185,905	3,373,785,512
1994	2,971,677,840	436,581,711	79,796,536	3,488,056,087
1995	3,009,850,833	458,668,214	80,125,832	3,548,644,879
1996	3,117,310,410	450,304,682	80,237,556	3,647,582,648
1997	3,233,221,306	467,568,251	80,253,554	3,781,043,111
1998 ⁽¹⁾	4,611,176,025	544,308,312	92,773,636	5,248,257,973
1999	4,829,925,832	449,038,101	94,814,401	5,373,778,334

- Notes: (1) Reflects revaluation year
(2) Amounts are net of Senior Citizens Exemption
(3) Amount includes discoveries and abatements
(4) Assessed value is equal to estimated actual value

Assessed Value of Property



Carteret County, North Carolina
Property Tax Rates - Direct and Underlying Governments
(Per \$100.00 of Assessed Valued)
Last Ten Fiscal Years

Table 6

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<i>Municipalities</i>										
Carteret County	0.4100	0.4100	0.4100	0.4100	0.4600	0.4600	0.5100	0.5100	0.4200	0.4200
Atlantic Beach	0.5500	0.3500	0.3500	0.4500	0.4500	0.4500	0.4500	0.4500	0.3500	0.3100
Beaufort	0.5600	0.5300	0.4800	0.4050	0.4050	0.4050	0.4050	0.4050	0.3450	0.3450
Bogue ¹								0.0500	0.0500	0.0500
Cape Carteret	0.2700	0.2700	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.2600	0.2600
Cedar Point	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Emerald Isle	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2000	0.2150	0.1750	0.1850
Indian Beach	0.1700	0.1700	0.2300	0.2300	0.1900	0.1900	0.1900	0.2300	0.1700	0.1700
Morehead City	0.4800	0.4800	0.4800	0.4500	0.4500	0.4500	0.4500	0.4500	0.4000	0.4600
Newport	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4200	0.4200
Peletier ²									0.0500	0.0500
Pine Knoll Shores	0.1300	0.1000	0.1500	0.1700	0.2050	0.2050	0.2100	0.2100	0.1600	0.1600
<i>Fire Districts</i>										
Atlantic	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Atlantic Beach	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Beaufort	0.0700	0.0700	0.0700	0.0825	0.0825	0.0825	0.0825	0.0825	0.0680	0.0600
Broad & Gales Creek	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0500	0.0400
Cape Carteret	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Cedar Island	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.1000	0.1000	0.1000
Davis	0.1000	0.0800	0.0800	0.0880	0.0800	0.0800	0.1000	0.1000	0.1000	0.1000
Harkers Island	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0410	0.0410	0.0400	0.0400
Harlowe	0.0500	0.0500	0.0500	0.0500	0.0500	0.0550	0.0500	0.0500	0.0550	0.0550
Marshallberg	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0600
Mill Creek	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Mitchell Village	0.0600	0.0600	0.0600	0.0600	0.0600	0.0800	0.0800	0.0800	0.0800	0.0800
Newport	0.0900	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0650	0.0600
North River	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
Otway	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0400	0.0400
Salter Path	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0500
Sea Level	0.0800	0.0800	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
South River/ Merrimon	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Stacy	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Stella	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Wildwood	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600
<i>Rescue Squads</i>										
Beaufort	0.0250	0.0300	0.0350	0.0300	0.0330	0.0450	0.0450	0.0450	0.0450	0.0450
Broad & Gales Creek	0.0200	0.0200	0.0275	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0150
Cape Carteret	0.0100	0.0200	0.0200	0.0270	0.0200	0.0250	0.0250	0.0250	0.0250	0.0200
Mitchell Village	0.0300	0.0300	0.0200	0.0200	0.0200	0.0400	0.0400	0.0400	0.0400	0.0400
Otway ³		0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0250
Sea Level	0.0300	0.0400	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0900	0.0900

Notes: 1 First Year Tax District 1997
2 First Year Tax District 1998
3 First Year Tax District 1991

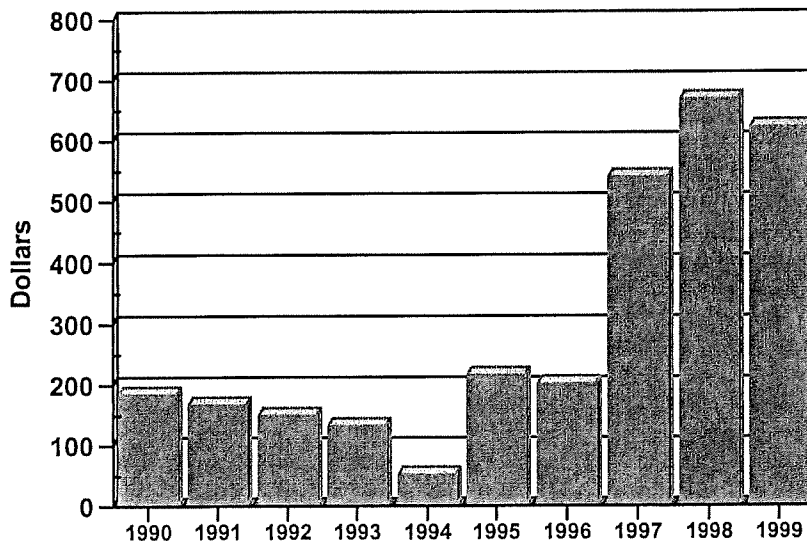
Carteret County, North Carolina
Ratio of General Obligation Debt to Assessed Value
& General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Table 7

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Assessed Value</u>	<u>Net General</u> <u>Obligation</u> <u>Bonded Debt</u>	<u>Ratio of net</u> <u>General</u> <u>Obligation</u> <u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Population⁽¹⁾</u>	<u>Net General</u> <u>Obligation</u> <u>Bonded Debt</u> <u>Per Capita</u>
1990	\$3,162,847,844	\$9,685,837	0.31%	52,553	\$184.31
1991	3,239,325,880	8,977,177	0.28%	53,732	167.07
1992	3,306,689,039	8,245,517	0.25%	55,086	149.68
1993	3,373,785,512	7,488,857	0.22%	56,533	132.47
1994	3,488,056,087	3,011,197	0.09%	57,750	52.14
1995	3,548,644,879	12,540,537	0.35%	57,997	216.23
1996	3,647,582,648	11,769,877	0.32%	58,385	201.59
1997	3,781,043,111	32,025,550	0.85%	59,370	539.42
1998	5,248,257,973	39,900,000	0.76%	59,725	668.06
1999	5,373,778,334	37,740,000	0.71%	60,719	621.55

Notes: (1) NC Office of State Planning

Net G. O. Bonded Debt Per Capita



Carteret County, North Carolina
Computation of Legal Debt Margin
June 30, 1999

Table 8

Assessed Values of Property		<u>\$5,373,778,334</u>
Debt Limit 8 percent of Assessed Value		429,902,267
Gross Debt:		
Total Bonded Debt	\$37,035,000	
Installment Debt	<u>705,000</u>	
Total Amount of Debt Applicable to Debt Limit		<u>37,740,000</u>
Legal Debt Margin		<u>\$392,162,267</u>

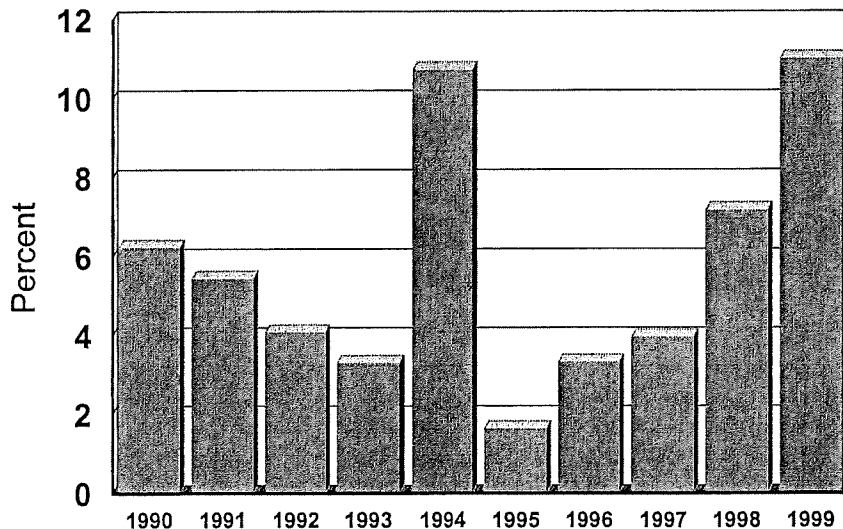
Carteret County, North Carolina
Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Governmental Expenditures⁽³⁾
Last Ten Fiscal Years

Table 9

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u> <u>on Bonds</u>	<u>Total Debt</u> <u>Service⁽²⁾</u>	<u>Total General</u> <u>Governmental</u> <u>Expenditures⁽³⁾</u>	<u>Debt Service to</u> <u>Total General</u> <u>Governmental</u> <u>Expenditures</u>
1990	\$667,660	\$785,891	\$1,453,551	\$23,301,444	6.24%
1991	708,660	746,420	1,455,080	26,674,608	5.45%
1992	731,660	694,953	1,426,613	34,995,640	4.08%
1993	756,660	629,474	1,386,134	41,981,548	3.30%
1994	4,477,660 ⁽¹⁾	406,994	4,884,654	45,548,405	10.72%
1995	470,660	197,539	668,199	40,868,577	1.63%
1996	770,660	699,247	1,469,907	44,256,890	3.32%
1997	744,327	1,220,106	1,964,433	49,640,221	3.96%
1998	1,275,550	1,743,071	3,018,621	42,054,677	7.18%
1999	2,958,454	2,265,828	5,224,282	47,512,606	11.00%

Notes: (1) This figure includes the retirement of \$4,007,000 Hospital Facilities Bonds. The funds to make this final payment came from Carteret General Hospital.
(2) This figure includes total debt service for general obligation bonded debt.
(3) Includes annually budgeted funds: General, E-911, Revaluation, School Reserve, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.

Ratio of Debt Service to Total General
Governmental Expenditures



Carteret County, North Carolina
Ten Largest Taxpayers
June 30, 1999

Table 12

<u><i>Taxpayer</i></u>	<u><i>Type of Business</i></u>	<u><i>1998 Assessed Valuation</i></u>	<u><i>Percentage of Total Assessed Valuation</i></u>
Open Ground Farms, Inc.	Farming	44,782,720	0.84%
Carolina Telephone	Utility	32,920,308	0.62%
Carteret Craven Electric	Utility	29,651,157	0.56%
Paxon Holz	Real Estate	26,390,942	0.50%
Carolina Power & Light Co.	Utility	26,364,281	0.49%
Atlantic Veneer Corp.	Manufacturing	15,946,819	0.30%
Weyerhaeuser Co.	Real Estate	15,689,603	0.30%
Atlantic Beach Hotel LTD	Real Estate	15,091,082	0.28%
Golf & Shores Properties	Real Estate	12,123,287	0.23%
Glimcher Properties LTD	Real Estate	<u>11,955,932</u>	<u>0.23%</u>
		<u>230,916,131</u>	<u>4.35%</u>

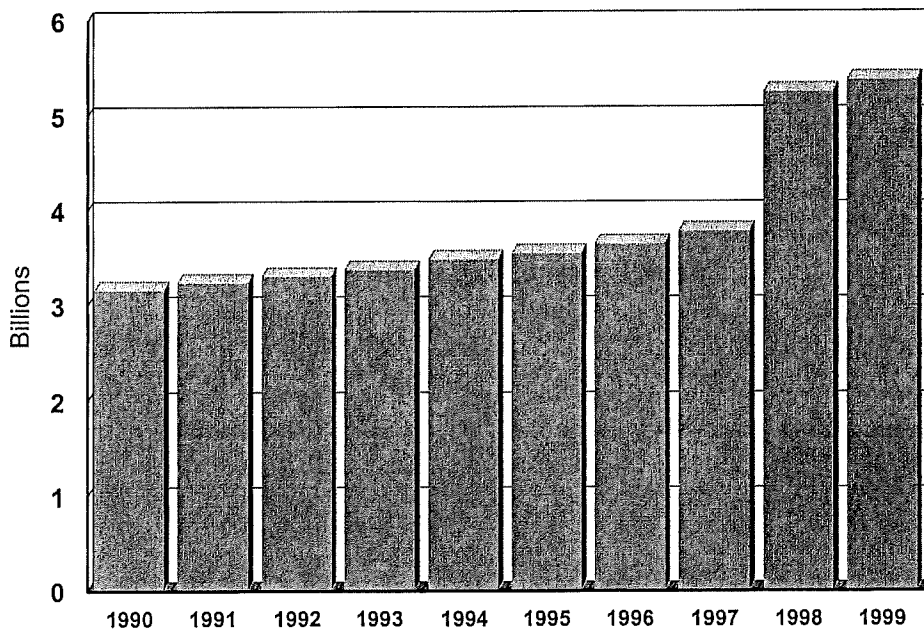
Carteret County, North Carolina
Property Value, Construction, & Bank Deposits
Last Ten Fiscal Years

Table 13

<u>Fiscal Year Ended June 30,</u>	<u>Property Value</u>	<u>Construction⁽²⁾ Number of Permits Issued</u>	<u>Construction Value</u>	<u>Bank Deposits⁽¹⁾</u>
1990	3,162,847,844	*	*	407,333,000
1991	3,239,325,880	1,144	22,321,760	423,815,000
1992	3,306,689,039	2,147	25,470,630	428,514,000
1993	3,373,785,512	1,870	29,997,950	437,150,000
1994	3,488,056,087	2,169	40,982,172	446,743,000
1995	3,548,644,879	2,930	27,453,693	482,619,000
1996	3,647,582,648	3,153	35,647,790	523,958,000
1997	3,781,043,111	3,275	40,265,512	555,039,000
1998	5,248,257,973 ⁽³⁾	3,619	54,069,500	592,710,000
1999	5,373,778,334	2,665	46,128,300	*

Notes: * Not Available
 (1) North Carolina State Banking Commission
 (2) Carteret Count Planning Department

Property Value



Carteret County, North Carolina
Miscellaneous Statistics
June 30, 1999

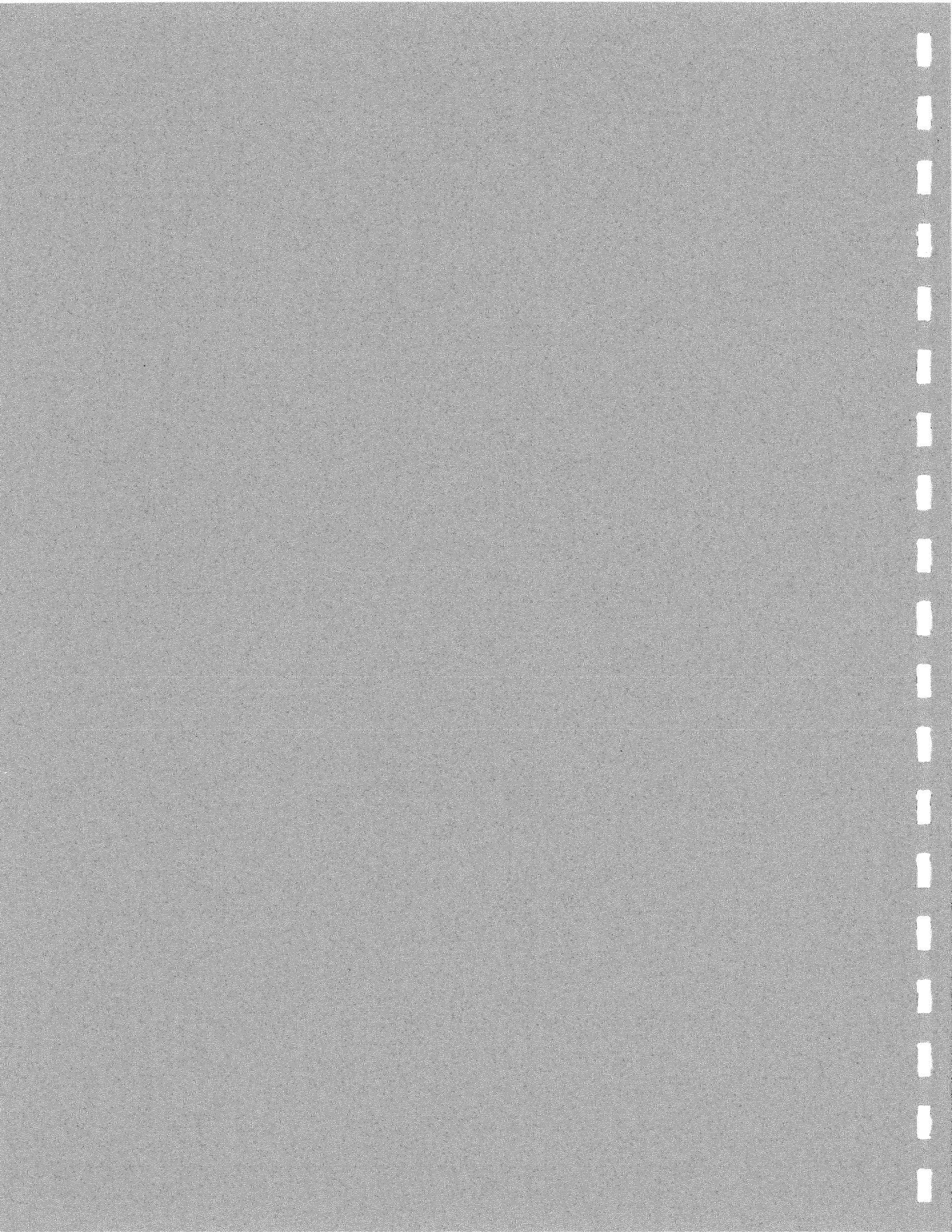
Table 14

Date of Establishment	1722
Form of Government	Commission-Manager
Area	526 Square Miles
Carteret County Facilities and Services:	
<i>Fire Protection:</i>	
Number of stations	24
Number of firemen and officers	615
Number of calls answered	1,850
Number of inspections conducted	3,025
<i>Police Protection:</i>	
Number of stations	1
Number of deputies and officers	50
Number of patrol units	20
<i>Inspections:</i>	
Number of building permits issued ⁽¹⁾	2,665
<i>Cultural and Recreational:</i>	
Number of parks	5 with 130 total acres
Number of public beach accesses/ boat ramps	6
Facilities and Services not included in primary government:	
<i>Hospitals⁽²⁾:</i>	
Number of hospitals	1
Number of patients beds	117
Facilities and Services not included in the reporting entity:	
<i>Education⁽³⁾:</i>	
Number of schools	15
Number of teachers	731
Number of students	8,221
<i>Cultural and Recreational⁽⁴⁾:</i>	
Number of libraries	3
Number of volumes	75,000

Sources:

- (1) Permits issued for fiscal year 1999
- (2) Carteret General Hospital
- (3) Carteret County Board of Education
- (4) Carteret County Library

COMPLIANCE





McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of County Commissioners
Carteret County, North Carolina

We have audited the general purpose financial statements of Carteret County, North Carolina, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 10, 1999. We did not audit the financial statements of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control (ABC) Board, Beaufort-Morehead City Airport Authority or Carteret County Tourism Development Bureau. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control (ABC) Board, Beaufort-Morehead City Airport Authority or Carteret County Tourism Development Bureau is based solely on the reports of the other auditors. Except as noted in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The financial statements of Carteret General Hospital Corporation and Carteret County Alcoholic Beverage Control Board were not audited in accordance with the standards applicable to financial audits contained in Government Auditing Standards and, accordingly, this report does not extend to those component units. Our audit, described below, also did not include the operations of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Bureau because those component units engaged other auditors to perform an audit in accordance with the standards applicable to financial audits contained in Government Auditing Standards. We noted a certain immaterial instance of noncompliance which we have reported to management of Carteret County in a separate letter dated September 10, 1999.

Compliance

As part of obtaining reasonable assurance about whether Carteret County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carteret County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of Carteret County in a separate letter dated September 10, 1999.

This report is intended solely for the information and use of the county commissioners, management, federal and State awarding agencies and pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be, and should not be, used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 10, 1999



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners
Carteret County, North Carolina

Scope of the Report

Carteret County's general purpose financial statements include the operations of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control Board (ABC Board), Beaufort-Morehead City Airport Authority, and Carteret County Tourism Development Bureau, which are discretely presented component units of Carteret County. The financial statements of Carteret General Hospital Corporation and ABC Board were not audited in accordance with Government Auditing Standards, OMB Circular A-133, or the State Single Audit Implementation Act. The financial statements of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Bureau were audited in accordance with Government Auditing Standards, but not in accordance with OMB Circular A-133 or the State Single Audit Implementation Act. Accordingly, our audit, described below, does not extend to any of the County's discretely presented component units.

Compliance

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 1999. Carteret County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carteret County's management. Our responsibility is to express an opinion on Carteret County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carteret County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carteret County's compliance with those requirements.

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, county commissioners, management, federal and State awarding agencies and pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be, and should not be, used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 10, 1999



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners
Carteret County, North Carolina

Scope of the Report

Carteret County's general purpose financial statements include the operations of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control Board (ABC Board), Beaufort-Morehead City Airport Authority, and Carteret County Tourism Development Bureau, which are discretely presented component units of Carteret County. The financial statements of Carteret General Hospital Corporation and the ABC Board were not audited in accordance with Government Auditing Standards, applicable sections of OMB Circular A-133 or the State Single Audit Implementation Act. The financial statements of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Bureau were audited in accordance with Government Auditing Standards, but not in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, our audit, described below, does not extend to any of the County's discretely presented component units.

Compliance

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 1999. Carteret County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Carteret County's management. Our responsibility is to express an opinion on the Carteret County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Carteret County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carteret County's compliance with those requirements.

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on its major State programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the county commissioners, management, State awarding agencies and pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be, and should not be, used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 10, 1999

CARTERET COUNTY, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ending June 30, 1999

Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X no

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance	93.778
Temporary Assistance for Needy Families	93.558
Foodstamp Program Cluster	10.551/10.561
Women, Infant, and Children	10.557
CDBG	14.228
Child Care Development Cluster	93.596

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ending June 30, 1999

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 783,208

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to State awards? yes X no

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? yes X no

Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
State/County Special Assistance	N/A
Public School Bond Fund	N/A

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Section 4. State Award Findings and Questioned Costs

None reported

**CARTERET COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 1999**

No corrective action plan is required for the current year.

CARTERET COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 1999
 Page 128 of 5

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
US Department of Transportation:					
Passed through NC Department of Transportation:					
Administered by County Finance Department:					
Elderly and Disabled Transportation Assistance Program	20.509		\$ 39,648	\$ 118,195	\$ 37,208
Federal Emergency Management Agency:					
Passed through NC Department of Crime Control and Public Safety:					
Administered by County Department of Emergency Management:					
State and Local					
Mitigation Directorate	83.536	EM-PA97-025-024	35,750	-	-
Administered by Carteret County Finance Office:					
State and Local Emergency Management Assistance	83.544		232,913	61,914	135,103
Total Federal Emergency Management Agency			268,663	61,914	135,103
US Department of Health and Human Services:					
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by Carteret County Department of Social Services:					
TANF Benefit Payments	93.558		603,932	-	-
Work First Administration	93.558		1,652	78,645	4,522
Work First Service	93.558		154,653	663,793	37,024
Sate Children's Health Insurance Program	93.767		20,629	14,077	-
			780,866	756,515	41,546
Passed through NC Department of Economic and Community Development:					
Administered by County Department of Social Services:					
Low Income Home Energy Assistance:					
Benefit payments	93.568		39,617	-	-
Administration	93.568		12,776	-	-
Crisis Intervention payments	93.568		100,207	-	-
			152,600	-	-
Passed through NC Department of Health and Human Services:					
Division of Child Development:					
Child Care & Development Fund Daycare	93.596		1,251,969	-	95,763
Child Care & Development Fund Administration	93.596		60,199	-	-
			1,312,168	-	95,763
Division of Aging:					
Passed through Neuse River Council of Governments:					
Administered by Coastal Community Action:					
Congregate Meals (Aging Cluster)	93.045		48,689	3,108	15,091
Home Delivered (Aging Cluster)	93.045		27,877	1,779	2,474
			76,566	4,887	17,565

CARTERET COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 1999
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	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Administered by Carteret County Department of Social Services:					
Title III F	93.043		\$ 6,167	\$ 393	\$ 750
Access	93.044		49,265	3,145	2,939
In home level III B (Aging Cluster)	93.044		18,503	1,181	2,187
In home level III D	93.046		3,902	249	461
			<u>77,837</u>	<u>4,968</u>	<u>6,337</u>
Permanency Planning:					
Regular	93.645		22,491	3,825	3,672
Adoption subsidy	93.645		4,483	8,885	4,456
			<u>26,974</u>	<u>12,710</u>	<u>8,128</u>
Title IV-E Foster Care:					
Administration	93.658		85,645	-	85,645
Foster Care payments	93.658		45,755	13,162	13,623
			<u>131,400</u>	<u>13,162</u>	<u>99,268</u>
Title IV-E adoption subsidy	93.659		40,114	11,806	11,806
Division of Social Services:					
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
Other Services and Training	93.667		164,522	-	54,841
In-home Services	93.667		40,999	1,245	5,376
			<u>205,521</u>	<u>1,245</u>	<u>60,217</u>
Division of Medical Assistance:					
Administered by County Department of Social Services:					
Independent Living	93.674		429	-	-
Medical Assistance:					
Benefit payments	93.778		20,022,783	9,688,847	1,603,326
Administration	93.778		452,789	23,452	429,337
Transportation	93.778		32,035	-	31,925
			<u>20,507,607</u>	<u>9,712,299</u>	<u>2,064,588</u>
Total US Department of Health and Human Services			<u>23,312,082</u>	<u>10,517,592</u>	<u>2,405,218</u>

STATE AWARDS

NC Department of Health and Human Services:

Division of Youth Services:

Community based Alternatives:

Administered by County Department of Social Services:

A.N.C.H.O.R.

- 36,856 -

Administered by County Finance Department:

Services for Court Referrals

825041 - 33,442 -

Juvenile Restitution Fund

825181 - 32,313 -

- 102,611 -

Division of Social Services:

Administered by County Department of Social Services:

State/County Special Assistance Benefit payments

- 312,195 312,195

Energy Assistance, Carolina Power & Light Project

- 3,482 -

Aid to Counties

- 41,882 -

State Foster Home

- 12,738 12,738

- 370,297 324,933

CARTERET COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 1999
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	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Division of Aging:					
Passed through Neuse River Council of Governments:					
Administered by Carteret County Department of Social Services:					
In-house Services 90% State Funds			\$ -	\$ 166,047	\$ 6,895
Outreach			-	2,356	262
Operation Fan			-	467	-
			-	168,870	7,157
Health Divisions:					
Administered by County Health Department:					
Maternal Health			-	45,868	159,945
Aids/Community Testing			-	12,605	5,305
Tuberculosis			-	14,069	172
Child Health			-	49,569	76,938
Hypertension			-	12,955	22,956
Health Promotion			-	22,166	-
Environmental Health			-	10,859	671,943
Child Care Coordination			-	36,476	144,629
Cancer/Glaucoma/Diabetes			-	10,538	9,146
Kidney			-	8,351	2,738
Breast/Cervical Cancer			-	25,562	10,811
Communicable Disease Prevention			-	550	-
Teen Pregnancy Grant			-	32,503	11,984
Crippled Children Services			-	1,532	6,123
Immunization			-	14,824	-
Breastfeeding			-	12,110	-
Cultural Resources			-	25,209	-
Passed through County Finance Department:					
Mosquito Control			-	17,198	-
			-	352,944	1,122,690
Total NC Department of Health and Human Services			-	994,722	1,454,780
NC Department of Environment and Natural Resources:					
Natural Resources Division:					
Passed through County Finance Office:					
White Goods Disposal			-	45,456	-
Scrap Tire Disposal			-	52,937	-
Total NC Department of Environment and Natural Resources			-	98,393	-
NC Department of Corrections:					
Administered by the County Finance Office:					
Criminal Justice Partnership Program		111011004	-	75,923	11,653

CARTERET COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 1999
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	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of Administration:					
Administered by the County Finance Office:					
Sexual Assault/Rape Crisis			\$ -	\$ 43,568	\$ 31,406
Victims of Crime Act			-	5,787	37,886
Domestic Violence			-	39,254	-
Marriage License			-	17,405	4,145
Child Victims			-	31,266	-
Veterans Services			-	2,000	106,709
ESGP Grant			-	15,000	-
VANA Grant			-	27,129	-
Total NC Department of Administration			-	<u>181,409</u>	<u>180,146</u>
NC Department of Public Instruction:					
Public School Bond Fund					
Passed to Carteret County Board of Education			-	3,571,548	-
NC Department of Commerce:					
Administered by the County Finance Office:					
Community Development Assistance			-	12,500	-
Total Federal Expenditures			<u>\$ 27,429,879</u>		
Total State Expenditures				<u>\$ 16,388,711</u>	
Total Local Expenditures					<u>\$ 5,216,099</u>

